The China Weekly

REVIEW

密勒氏評論報

A Weekly Newspaper Established in 1917

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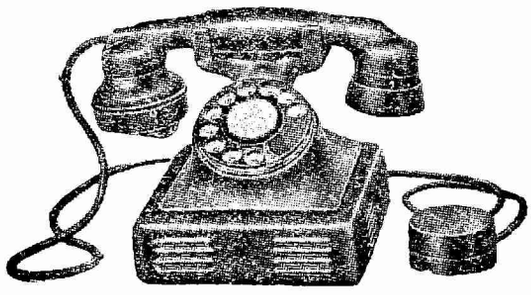

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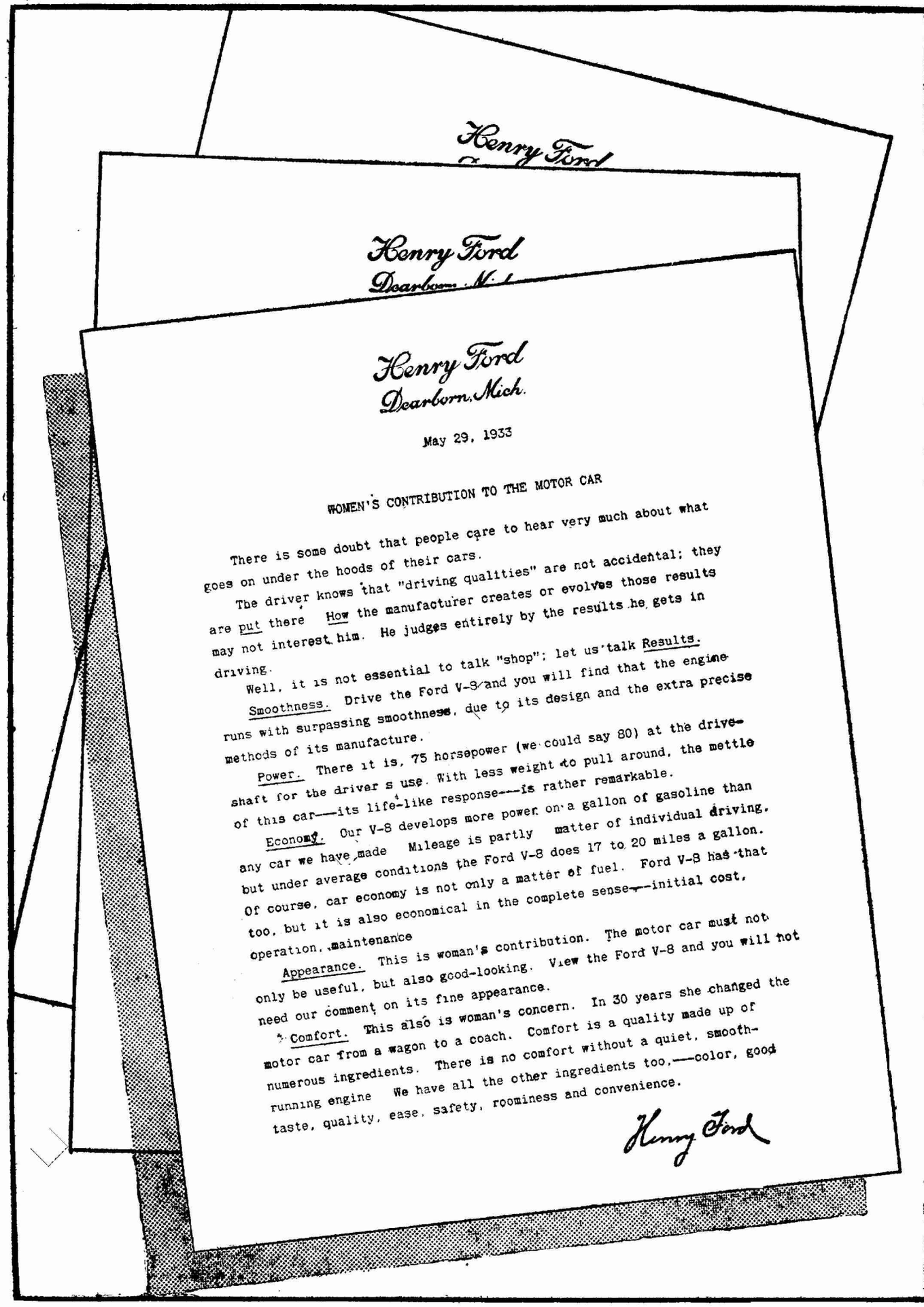

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WHY THE "WICKED" AMERICANS ARE INTRIGUING IN CHINA!

ON August 4 the Tokyo *Asahi*, leading paper in the Japanese capital published a sensational report alleging the existence of a secret Sino-American treaty of three chapters, seventeen articles and four annexes, alleging that the United States had been granted a concession to organize China's air-service. Among other things American interests were to advance to China some $40,000,000 for the purchase or construction of some 800 scouters, chasers and bombers and the development of four major aviation stations to be located at Swatow, Chuanchow, Chenhai and Haichow.

A week previously, or on June 28 the official Japanese *Rengo* service, circulated throughout the Far East a report quoting Tokyo War Office circles to the effect that Japan was "seriously disturbed" at American activities in Fukien province which included a large financial grant to the 19th Route Army for the purchase of submarines and air-bombers, construction of a railway, etc., in exchange for which the U. S. Navy had been given a base on an island near Amoy.

Regarding the first report pertaining to the secret aviation treaty, Acting Secretary of State Phillips declared it was "entirely unfounded." As to the other report about alleged American activities in Fukien province, a spokesman of the State Department declared the Japanese allegation was "too silly to discuss."

Since both reports were entirely without foundation, or to use a plainer term were "faked" by the Japanese military elements, one wonders regarding the underlying motive. The answer is not difficult to find: The Japanese Army and Navy departments are now engaged in the compilation of their respective budgets for introduction in the forthcoming session of the Diet. Japan already is on the brink of financial and economic bankruptcy, but the military clique, in order to maintain its control and the control of its ill-gotten gains in Manchuria must have more money, at least a billion yen of new funds for replacement and construction of new fighting machines. Manchuria, instead of proving the gold-mine expected, has turned out to be a mill-stone, while the tax-ridden impoverished Japanese peasants are on the point of rebellion. Therefore the Tokyo warlords must invent a bogey in order to frighten the Japanese people into approving the

new swollen military budgets. The result is stories in the Japanese newspapers and official press services alleging American intrigue in China with the object of strengthening China against Japan.

Apparently the whole story about American interest in Fukien province was based on a brief report from Manila stating a group of Chinese in that city had formed a company for the purpose of building a light railway connecting Changchow and Lungyen. Most of the Chinese in the Philippines are natives of Fukien, hence it was quite natural they should think of investing in their home province, particularly now that the Philippine Independence question has created considerable apprehension regarding the future stability of Chinese investments in the Philippines.

As to the aviation matter there is no questioning the fact Americans are doing their best to sell airplanes in China and since America produces good planes, the Chinese naturally are interested. The Japanese air-bombing of Chapei and defenceless Manchurian cities last year taught China the need of a modern military aviation service, hence the National Government employed a number of experienced American aviators to develop a modern aviation school at Hangchow. In addition to military aviation development, China also realized the need of civilian aviation, hence further contracts were made with American interests to assist in the development of airways in the Yangtsze Valley and between the valley and north and south China. This naturally led to the sale of more planes and according to report plans also are on foot for the construction of some modern air-ports at Shanghai, Hangchow and elsewhere, an obvious need because airplanes cannot land in rice-paddies. The whole thing has been open and above-board and there have been no secrets because the agents of the airplane manfacturers have offices here and advertise in the newspapers. They are after business here as they are all over the world including Japan and mention of Japan prompts the "disclosure" that all of the airplanes which the Japanese used in bombing Chapei and Manchurian cities last year, had American-made engines. The Chinese are merely trying to duplicate and surpass Japan's aviation development in the shortest possible time. That they have ample justification goes without saying. That the Japanese are now complaining about the Chinese development proves that Japanese militarists are good bullies but poor sportsmen!

NANKING THEOLOGICAL SCHOOL TO RECEIVE U. S. $7,000,000

THE Surrogate of New York County, Justice James A. Foley has finally wound up the legal complications concerned with the settlement of the estate of Ella Virginia von Echtzel Wendel and according to a report in *Time Magazine* for July 10 the Nanking Theological Seminary, a small Christian missionary educational institution located in the Chinese national capital will receive the not insignificant sum of $7,000,000 American dollars. This is equivalent at present rates of exchange to approximately $25,000,000 in Chinese silver dollars. The total Wendel estate amounting to U. S. $42,125,000 had been accumulated by old John Gottleib Wendel in the fur trade and later invested in New York real estate. Ella Virginia von Echtzel Wendel was John Wendel's only heir and she lived the life of a recluse, spending none of the capital and very little of the interest. When she died about a year ago some 2,294 persons turned up claiming to be heirs. It was Justice Foley's job to weed out the impostors which he did after eleven months of continuous court hearings. Only four persons could prove fifth-degree relationship and they were awarded $2,125,000. This left $40,000,000 which less inheritance taxes was divided among five institutions mentioned in the will, of which the Nanking Theological Seminary was among the lucky ones, receiving $7,000,000, or to state it in Chinese currency approximately $25,000,000. What the Nanking institution, which is devoted to the training of Chinese protestant preachers, will do with this considerable sum has not been stated. The interest alone will amount to well over a million Chinese dollars annually. Aside from the so-called Steward fund, donated by a Los Angeles millionaire, several years ago also for the training of Chinese preachers, the Wendel bequest is probably the largest ever received by an American missionary institution in China.

UNITED STATES INAUGURATES HUGE NAVAL PROGRAM

IT will be remembered that a little over a decade ago when the Washington Conference was called, the government of the United States let it be known that it favored naval disarmament, but in case the rest of the world did not see it that way America was prepared to engage in a naval armament contest, which because of her preponderance of steel manufacturing capacity, she would inevitably win. The challenge was not put in just those words, but every nation in the world, and particularly Japan, understood quite clearly that this was the main point to be decided at the Conference, which Japan of all countries showed the most hesitancy in joining. The result of the Conference was an agreement that England and America were to be put on a naval parity, and Japan was to have three-fifths as much tonnage as either England or America; or, as it is generally expressed, a ratio of 5-5-3. Both England and America, but particularly the latter, for reasons of economy, did not build up to their allotment. Japan, on the other hand by taking advantage of certain loopholes that can nearly always be found in such agreements, has actually exceeded it, although technically within the terms of the agreement. Like the smell of blood to a tiger, this only has increased the Japanese appetite and Japan has already made it known that in due course she will ask or probably demand full naval equality with Britain and America. By the irony of fate, the American public has been awakened to the true situation by the incidence of economic depression, and as one of the means of giving employment, the American government has decided to launch the largest naval building program in the history of the country. Secretary of the Navy Claude Swanson August 3 awarded contracts for the construction

of 32 new warships in private and Federal shipbuilding yards. Private bidders obtained contracts for 22 of the warships and the Navy's own yards, which submitted bids along with the private companies, obtained contracts for 10 vessels. Secretary Swanson explained that he was still a pacifist and believed that the building program was a peaceful move. He preferred, he said, to see the nations make their adjustments downward in the interests of peace, but since that method had not been adopted the best peace insurance was to build up to the treaty limits. The contracts awarded to the private builders, which include the two new aircraft carriers, call for an expenditure of U.S.$129,777,600. The Navy yards will construct the 10 vessels according to usual procedure, merely making an estimate and keeping as close to it as possible.

As an indication of the desuetude into which the American navy had been allowed to drift it is interesting to note that, despite all this building, a statement recently issued by the Under-Secretary of State William Phillips in Washington showed that the present building program will not bring the U. S. Navy up to the standard allowed by the London Conference. "This program is in no respect a building race with Japan," he said. "It is true that Japan is also building warships and has appropriated large amounts of money for that purpose. Both countries, however, are replacing their worn-out vessels and are not doing much more." Mr. Philips intimated that, even if Japan and the United States should build to the extreme limit of the London treaty, their efforts could not be called a building race because the treaty was designed to prevent just that thing. The *Literary Digest* of July 15 printed an article "The Rebirth of the United States Navy," in the course of which it was stated that as matters stand at present the United States stands a poor third in maintaining her Navy at the authorized treaty strength, for at the present time America had built or was building only 71.5 per cent of the tonnage allowed by the treaty, as against Great Britain's 87.5 per cent, and Japan's nearly 100 per cent.

The U.S. Navy Department made public a series of tables August 4 showing that after the completion of the building program which has been inaugurated, the United States will not have complete parity with Great Britain nor will she have a five-three preponderance over Japan, In actual tonnage figures, the United States Navy will have 58,000 tons of ship displacement less than Great Britain will have in 1936. At the end of the present program, so for as American naval experts can judge, Great Britain will have 999,000 tons of ships, the United States will have 941,000 tons, and Japan 772 000 tons. This estimate is based on the present programs as announced by the three countries. Upon the expiration of the London naval treaties in 1936, the United States will have a technical superiority over Japan in battleships, aircraft-carriers and heavy cruisers. Japan, however, will have a superior force of light cruisers, destroyers and submarines.

A recent *Havas* message from Washington stated (what is probably a fact) that the resumption of the naval armament race between the United States and Japan makes extremely improbable the renewal of the Washington (1922) and London (1930) Treaties which expire on December 3, 1935. If the Japanese, who have announced at Geneva that they will not renew the treaties unless they secure parity with Britain and the United States, denounce the treaties in 1936, the United States will be once more at full liberty to fortify its possessions in the Pacific (the Philippines and Guam were left unfortified by the terms of the Washington agreement) and will be able to build new naval bases. The Democratic administration and the U.S. Navy Department believe that the best way of convincing Japan of the utility of the treaties is to build to such an extent that Japan will find it impossible from the financial point of view to take on the United States in a new armaments race, no less defeat her in such a competition.

JAPANESE ELIMINATE "SMALL-MONEY" EVIL IN MANCHUKUO

THERE is reproduced herewith the likeness of the front and reverse of one of the new Manchukuo "dimes" or 10-cent pieces which recently were placed in circulation in China's northeastern provinces through the Japanese-controlled central bank. The photograph has been considerably enlarged in order to show the detail, but the size of the coin is approximately that of a Chinese 20-cent piece, although somewhat thicker. The new coin is of the "token" variety and is made of nickel and bronze, thus containing no silver, and as such resembles the "nickel" or 5-cent piece in American money. In addition to the 10-cent pieces, the Japanese also have minted and placed in circulation other fractional currency of denominations equivalent to 5-cents, 1-cent and ½-cent. As for the paper notes their denominations range from 50-cents and $1 upward to $100. According to recent report the amount of paper currency issued totals $109,680,000, while the 10-cent and 5-cent token coins placed in circulation amount to $235,000.

NEW MANCHUKUO "DIMES" OR 10-CENT PIECES MADE OF NICKEL AND BRONZE.

The reproduction on the left shows a poppy flower in the center with the words above, "Great Manchukuo," while underneath the poppy are the words, "Second Year of Tatung." The reverse side of the coin shown on the right contains the words "Ten-Cents" with two Chinese dragons chasing a pearl. Chinese who have seen the new coin consider the use of the poppy or opium flower on the Manchurian token coins as most appropriate in view of Japan's creation of an opium and narcotics monopoly in Manchuria and Jehol with the recent opening of more than 600 retail opium selling and smoking dives.

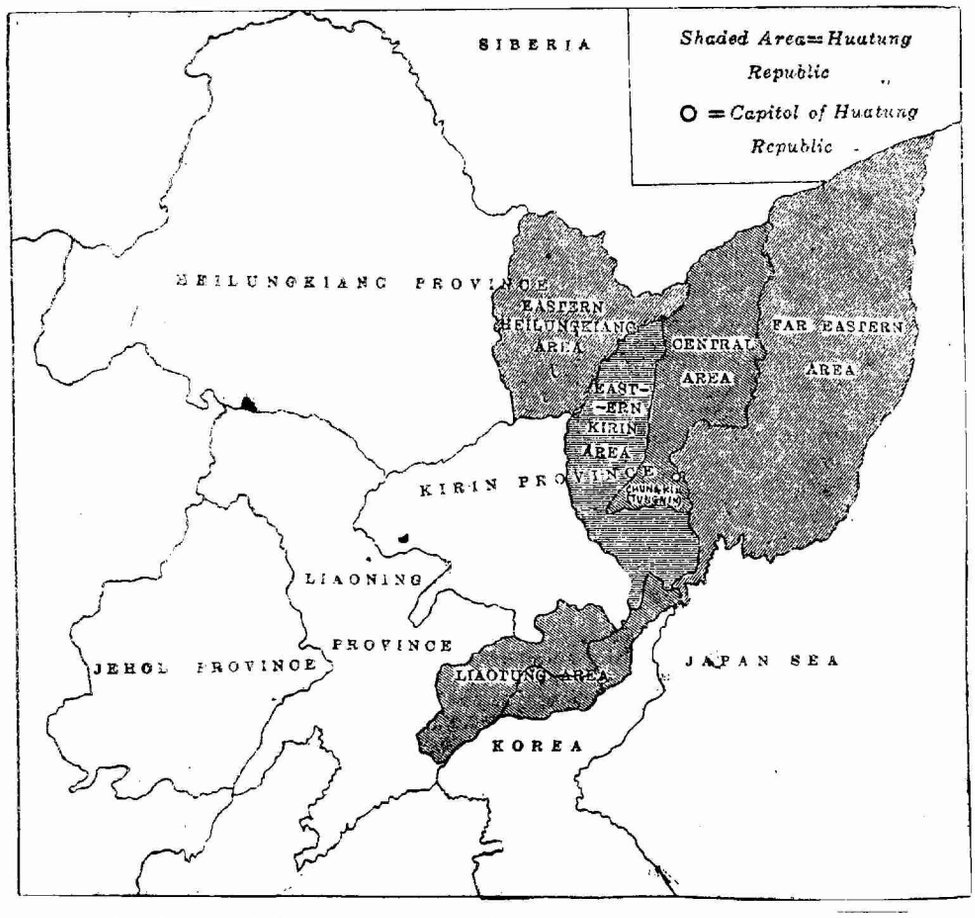
It was claimed that the central bank hoped to be able to retire all of the old depreciated Manchurian bank-notes by June 1 of next year. While little is known regarding the metalic reserve behind the new Manchukuo currency, the fact that the Japanese Government has in effect guaranteed it, has thus far resulted in its general

acceptance in place of the old Manchurian notes which altogether too often were printed and circulated entirely without regard to reserves in the official banks. The important point is that the Japanese have succeeded apparently in eliminating a currency evil with respect to depreciated small coins which still prevails throughout China, particularly at Shanghai where a small army of currency vultures earn a profit by manipulating exchange values between "small-money" and "big-money," not to mention the short-changing of customers in most retail stores where the victim is not familiar with the current rate on depreciated silver 20-cent and 10-cent pieces and copper coins. It has been mentioned previously in these volumns that the Japanese apparently were succeeding in unifying and stabilizing Manchurian currency, an important reform that China has only just begun to tackle. The unforunate part of the situation is that the Japanese warlords have so bungled their part of the job from the original faked Mukden "incident" to the creation of the fake Manchukuo government and wholesale violation of treaties that these mattters completely offset reforms which have been effected in the unification of the money.

The Mysterious "Eastern Chinese Republic"

THE recent publication in one of the bulletins of the Intelligence and Publicity Department of the Ministry of Foreign Affairs, of the constitution of the so-called "Eastern Chinese Republic," lends interest to that phantom new state regarding which little has as yet appeared in the newspapers. The accompanying map, also reproduced from the Nanking bulletin, indicates roughly the boundaries of the "republic" which embraces parts of Manchukuo, Korea and the Siberian Maritime province, including the port of Vladivostok. The first report regarding the alleged state appeared in the *Shun Pao* on July 20 and a perusal of the long detailed statement created the initial impression that it probably was a Japanese propaganda creation put out by the Island warlords for the purpose of stirring up more trouble with Soviet Russia. For example it stated that the Siberian Maritime province had been "loaned" to the new state by a certain friendly power. But the publication of the constitution in an official Nanking organ indicated there may be something to it after all. The fact that the Manchurian section of the "new republic" is occupied by some 100,000 Kirin troops under the volunteer leader Wang Teh-lin also tends to give credence to the report.

Briefly the report in the *Shun Pao* stated the new republic would be divided into five sections, Central, Eastern Kirin, East Heilungkiang, East Liaoning and Far Eastern, the last named embracing Soviet territory. The capital of the state "Chungking," meaning central capital, is located a considerable distance north of Vladivostok on the Ussuri river which separates Manchukuo from Russia. The population of the "republic" will consist chiefly of Chinese, but also will include other nationalities—Koreans, Japanese and Russians. The government will be controlled by the "East China Republican Party," but other parties will be permitted to carry out experiments in specified areas and in the event their theories are successful they will be incorporated into the parent body. The constitution of the state, which was published in the Nanking bulletin, sounded fantastic as did the whole story, which led the *China Critic* to suggest that it resembled the invisible empire of the Ku Klux Klan in the United States or the cabinet of the Korean Republic which functions secretly in Shanghai. However, the *Shun Pao* suggested that the infant "Eastern Chinese Re-



A sketch map of the Huatung or "Eastern Chinese Republic," referred to in the accompanying article. According to the map the new political entity embraces parts of Kirin, Fengtien and Heilungkiang provinces of Manchukuo, the northern part of Korea and most of the Soviet Maritime Province, including the port of Vladivostok.

public" may be a by-product of kaoliang (species of maize or broomcorn) somewhat on the order of Manchurian banditry which always grows worse after the kaoliang matures and the peasants have considerable leisure on their hands—and also concealment as the kaoliang grows to a height of six or eight feet. The declaration of the new political organization, according to the *Shun Pao*, read as follows:

"Prompted by our desire not to recognise the puppet government of Manchukuo (which was the work of Japanese militarists), to work for the salvation of the Chinese people of the four North-eastern provinces now under Japanese occupation and realizing the fact that China, our mother country, is not militarily strong enough to recover the lost territory at least for the present, we have decided on this day, the First Day of June of the year 1933, based on the will of the people and on the fundamental principles of the Lytton Report, to declare the formal establishment of the new State. The new country comes into being entirely based on the spirit of self-determination on the part of the people. With the kind assistance of our friendly Power, we have already drafted our Constitution and will conduct a real democratic administration with the hope that the new State can contribute her share in the maintenance of world peace by giving a helping hand in the settlement of the dispute in the Far East.

"The Open Door Policy shall be strictly adhered to by the new State. Any people who wish to develop the land with a friendly spirit are welcomed by the new State. What we expect is that the friendly Powers could send their nationals to inspect the conditions in this country and see how the country is governed so as to pave the way for the formal recognition of the Republic.

"The most dangerous factor to future world peace is the struggle between the White Imperialist and Red Communist influences. It is for the purpose of forming a buffer State between the two big influences that the new State is organized.

"To secure a better understanding abroad the new Republic has already sent its delegates to various countries to explain the real situation in the Republic. We hope all friendly countries will give them every facility and a chance to perform the duties for which they are despatched."

Although the Chinese newspapers generally paid little attention to the new development, they are now beginning to take notice. The *China Times* on August 2 said the leading spirits in the movement are Kuo Tao-fu and Ho Ai-jen. Kuo it seems is a well educated Mongolian, graduate of the old Russian language school in Peiping. Ho is a native of Fengtien province who is closely associated with the Korean independence party. It was claimed the new republic has established an office in Shanghai for the purpose of propaganda and soliciting funds. The *Sin Wan Pao* on August 4 quoted a Gen. Kung Hsieh-yung, subordinate of Gen. Wang Teh-lin, Kirin volunteer leader, as declaring there are 100,000 Kirin troops within the borders of the new state and their headquarters corresponds to the location of the new capital on the Manchukuo-Siberian frontier. At any rate the new development is interesting and doubtless will give the Japanese warlords something else to worry about in addition to dangerous thoughts, Manchurian bandits, Soviet diplomacy, British tariffs and the American decision to build up the Navy and strengthen fortifications in the Pacific area. The fact that a number of Japanese who are not in accord with the activities of their warlords in Manchukuo, are allegedly connected with the new "republic" will provide a double source of worry in Tokyo.

Japan, Completely Isolated, Sees Menace in League's China Activities

"Japan will take such measures as she deems fit to meet the situation!"

THIS greatly over-worked diplomatic threat is again being invoked by Imperial Japan in an effort to prevent Occidental nations either separately, or collectively through the League of Nations, from engaging in any activities in China that might result in the strengthening of China. But the Chinese people, despite their bitter reverses, losses of territory, money and manpower as a result of the military activities of their predatory neighbor, apparently are determined to go ahead with their plans which call for closest cooperation with the Western powers. The Chinese are propelled to this decision by the major instincts of national and racial preservation, while the Western powers, faced with the necessity of finding and developing new markets, have no intention of permitting Japan to dictate their activities in this part of the world. The result is a marshalling of forces for a struggle that may become more bitter and devastating than that through which the Far East has passed in the two-year period which began with the Japanese military occupation of Mukden in the fall of 1931.

That all the nations involved in the new diplomatic deal in the Far East are taking a serious view of Japan's attempt to stifle China's future development has been amply indicated in the news reports. The League is reported to have informed the Japanese that "under no circumstances can it allow its representatives to be subject to the dictation of the Japanese Government." The League also informed the Japanese that there have been numerous precedents for League technical cooperation with various nations and while there is no intention of permitting League activities in China to go beyond the field of technical assistance, Geneva obviously could not permit Japan to interfere. And while the replies of the various governments to Japan's recent protest about loans and sales of munitions to China have not been published, reports in the Japanese newspapers have indicated that the Powers have told Japan quite definitely that they intended to continue their individual and collective dealings with China without consulting Japan's wishes on the subject. The result is that Japan has fallen back on the familiar diplomatic declaration that she "would take steps to protect her interests in the event such might be menaced by the activities of the Western Powers."

The official Japanese *Rengo* service in a dispatch from Tokyo on July 31 dealing with diplomatic policy following the breakdown of the London Economic Conference declared that Japan expected to continue her "independent and firm course and to oppose any ulterior intrigue that might be planned by foreign countries in regard

to China....On the other hand, Japan would try to convince China of the real meaning and efficacy of her Asiatic Doctrine." In addition to this a further report from Tokyo on August 1 stated that the Japanese Government, following a conference of General Araki, Count Uchida, Matsuoka and other government leaders, had decided upon the following lines of procedure:

1—Persons well versed with the situation of the League would be sent to China to observe and 'supervise' the activities of Dr. Rajchman and his associates in China.
2—A stern warning would be sent to the Powers who are planning investments and other co-operative activities in China.
3—The Japanese Government will resort to drastic measures in case the League's co-operative scheme should result in the violation of Japan's 'acquired' interests in China.

In accordance with the foregoing, the *Shun Pao* on July 31 reported that the Japanese military authorities had sent General Banzai, a former adviser to the defunct Peking Government to Nanking for the purpose of interviewing the leaders of the National Government with the object of investigating the proposed League co-operative scheme and advising China regarding Japan's views on the subject. In addition to this move, the Japanese newspapers have published sensational reports alleging that China's attitude toward Japan has considerably stiffened since the League arrangement was made. The *Osaka Mainichi* on July 27 published a report from its Nanking correspondent alleging that China's policy would follow the following lines:

1—Although China concluded a truce accord with Japan, the fundamental principle of long anti-Japanese resistance shall in no way be altered. In the event that the two nations commence negotiations for a settlement of all pending questions, the Chinese Government requests the participation of the interested foreign powers.
2—To Great Britain, China agrees to offer a mining concession in Tibet and Szechuen. China will then buy from Britain machinery and railway rolling stock with the Boxer indemnity as a mortgage for the purchase.
3—To the United States, China will likewise offer similar concessions and through a loan will buy arms and airplanes from her.
4—From France, China will endeavor to obtain a huge loan for the purchase of munitions, said loan to be negotiated through Dr. V. K. Wellington Koo.
5—Due to the failure of her pro-Soviet policy, China will court the favor of the United States, Britain, Germany, France and Italy and under the pretext of developing Chinese industries, China is planning to check the Japanese Manchurian and Chinese policies by offering various concessions to the Powers.
6—The technical collaboration between the League and China must be regarded as an unmistakable manifestation of these subterranean maneuvers of the Chinese Government, the main objective being to check Japan.
7—Gen. Chiang Kai-shek's opposition to illegal anti-Japanese activities has been modified and there is reason to believe he will not oppose a long term anti-Japanese policy, in accordance with which China will raise her tariff and apply economic pressure on Japan through the Powers. Gen. Chiang's policy against Japan may not be drastic, but will be extremely persistent.
8—The clash of the European-American "bloc" in China with the Japan-Manchukuo bloc will inevitably convert China into a hot-bed of international machinations, especially after economic conditions in Europe and America become more settled.

While China has officially ignored Japan's attempt to block the League cooperative scheme and the declarations of Wang Ching-wei and other members of the Government have been most moderate and considerate of Japan's feelings, the Chinese newspapers have expressed strong resentment at Japan's attempt to assert her control over China. The *Ta Kung Pao*, (Tientsin), leading newspaper in north China, declared: "Such an attitude on the part of Japan, which shows wanton disregard of China as an independent nation, and betrays Japan's ambition to dominate this country, causes more spiritual distress to the Chinese people than the forcible occupation of the four Northeastern province....This is a question which concerns China and which no other country has the right to interfere. Japan has openly interfered in this purely domestic question and is trying to bring pressure on us. This insult can never be tolerated by the Chinese people....Aside from the $50,000,000 cotton and wheat loan from the United States, no other country has advanced any loan or credits to China....China has received very little assistance from the foreign Powers, but Japan is so obsessed by her ambition to dominate China that she has repeatedly given expression to her dissatisfaction. This only serves to show her narrow-mindedness and to increase the general contempt of the world for Japan.... It goes without saying that China will oppose any attempt on the part of Japan to control her market and it is equally certain that it will also meet with the opposition of the Powers....Our Government should proceed to frame a definite plan based on the welfare of the Chinese people and once this plan is agreed upon, the Government should carry it out regardless of the attitude of Japan...."

Other newspapers, particularly those in Peiping, have commented feelingly on the same subject. The Peiping *Morning Post* pointed out that the question of China's cooperation with the League has become an important domestic political issue in Japan, threatening to cause a political readjustment. In this connection the paper pointed out that there is an outcry in Japanese military circles against the doplimacy of Count Uchida, the Foreign Minister. The warlords complain that since Japan seceded from the League of Nations, Count Uchida has accomplished nothing beyond concluding a treaty of arbitration with the Netherlands, hence there are persistent rumors that the Japanese military clique will shortly make some important recommendations to the Cabinet. The recent developments, namely, Japan's opposition to China's cooperation with the League and criticism of Count Uchida's foreign policy have an important bearing on each other. Since the League's moral verdict against Japan on the Manchurian issue, the Island Empire has not only failed to show the slightest sign of repentence, but has given further evidence of her faith in the omnipotence of might....The fact that Japan invaded Jehol following her withdrawal from the League indicates that Japanese militarists are bent on provoking the whole world and driving out all American and European influences from China. Since that time the Japanese have invented two slogans, one advocating the overthrow of the so-called European and

American diplomacy and the other propagation of her Asiatic Monroe Doctrine. This amounts to a notice to the world that Japan is no longer bound by the various international treaties which she has signed during the last decade with regard to the Far East....These slogans are directed against the world and are based on the blind faith of the Japanese militarists in the omnipotence of force. Indeed in their eyes China is nothing but an object of exploitation. Unfortunately for the Japanese militarists, China has awakened to the danger to her national existence and is determined to seek the technical assistance of the League in the development of the country's natural resources. This will affect the annexationist dreams of Japan; in fact it is for this reason that Japan is doing her best to oppose the League's plan and the American and other foreign loans to China. In consequence there is no turning back from the course upon which China has embarked....If Japan fears a strong China, she should return the four Northeastern provinces, for only in this way can a Sino-Japanese rapprochement be effected. If Japan persists in her present course toward this country and tries to prevent the Western powers from even selling arms and munitions to China, a day of reckoning will come sooner or later."

Japanese Capture Dolonor---Marshal Feng Yu-hsiang Compromises With Nanking, Evacuates Kalgan

Reports from Peiping through both Chinese and foreign sources on Wednesday, Aug. 9, stated that Dolonor had not yet fallen to the Japanese and that serious fighting was in progress. A report in the *China Press* stated Japanese planes were bombing Kuyuan, located a considerable distance south of Dolonor on the road to Kalgan. A report through *Reuters* stated the Japanese were determined to occupy Dolonor despite the recent adjustment of the Feng Yu-hsiang crisis and also despite the efforts of Gen. Ho Ying-chin to induce the Japanese to forego their attack on Dolonor. Later reports also confirmed that the Japanese troops are still in control of Miyun, located a short distance north of Peiping on the road to Kupeikow Pass.

ALTHOUGH confirmation is lacking from either Chinese or Japanese official sources, the *Shun Pao* published a report from Peiping on August 6 stating the Japanese "despite the Tangku armistice agreement" have launched an attack on Dolonor and according to reports current in Peiping the city was occupied by a combined Japanese-Manchukuo force, immediately following the evacuation of Feng's troops. A *Nippon-Dempo* telegram in the *Japan Advertiser* (Tokyo) on August 1 stated the Japanese attack on Dolonor started that day, the Manchukuo forces being led by Gen. Li Shou-shen. A *Rengo* dispatch from Chengteh, capital of Jehol on August 3 stated that Manchurian "bandit" troops commanded by Generals Li Hai-shan and Chang Yu had joined up with the Manchukuo forces led by Gen. Li Shou-shen, and were cooperating in the drive against Feng's position at Dolonor. And to add further decoration to the Japanese description of their campaign against Feng, another *Rengo* message from Changchun on August 4 alleged that Gen. Tang Yu-lin, traitor governor of Jehol, had pledged his allegiance to Manchukuo and was also cooperating in the drive on Dolonor!

The report of the Japanese-Manchukuo occupation of Dolonor was published in Shanghai on August 6. On the following day, the official *Kuomin* service announced in a report from Peiping that the crisis between Feng Yu-hsiang and the National Government's troops in the north had been adjusted peacefully. The *Kuomin* report listed three reasons for Feng's acceptance of Nanking's latest peace terms:

1—Due to serious financial conditions in Chahar, Feng found it impossible to maintain his army of more than 100,000 troops, the financial difficulties being aggravated by the suspension of traffic on the Peiping-Suiyuan railway which threw trade in Kalgan into a state of stagnation.

2—Dissension had developed in the ranks of Feng's so-called anti-Japanese allied forces, which dissension was aggravated by Feng's alleged assassination of Teng Wen, Manchurian volunteer leader formerly under Gen. Ma Chan-shan in the north Manchurian campaign against the Japanese.

3—The renewed attack on Dolonor and other Chahar cities by the Japanese and puppet Manchukuo troops, had made it difficulty for Feng's "undisciplined and rabble troops" to hold their positions in northern Chahar.

Marshal Feng's sudden decision to accept Nanking's peace terms and hand over control of Kalgan to his former subordinate, Gen. Sung Che-yuan, acting on behalf of the National Government, is still shrouded in considerable mystery. The *Shun Pao* on August 6 alleged Feng had approached the Japanese military authorities and requested that they refrain from attacking Dolonor, pending the withdrawal of his troops from that city. The report also alleged Feng had agreed to discontinue "communistic" propaganda in Chahar. It was stated, however, that the Japanese had declined to negotiate with Feng and were insisting that his troops be withdrawn to a line between Changping and Yenching "in accordance with the terms of the Tangku agreement." The Japanese version of latest developments in Chahar was contained in the official bulletin issued by the Japanese military headquarters in Tientsin on August 4. This report claimed that Feng was experiencing extreme difficulties in financing his troops numbering from 40,000 to 50,000 and unless substantial assistance was forthcoming he would not be able to maintain his position for any length of time. Continuing the Japanese military bulletin claimed that Feng had issued $400,000 worth of notes guaranteed on local taxes, but this had caused prices to rise in Kalgan resulting in distress among the people. Finally, it was alleged that Feng, in his desperate search for funds, had appealed to the Japanese for assistance, claiming he had nothing to do with the Soviets.

At any rate the Feng-Nanking crisis appears to have been temporarily liquidated and Gen. Sung Che-yuan's troops already are in Kalgan. The *Kuomin* report from Peiping on August 7 said that Feng had circulated a telegram announcing his evacuation of Kalgan in favor of Sung Che-yuan and that his action was prompted

by motives of "peace and patriotism" and expressing the hope that the "rights and wrongs of the matter would meet with the sympathetic understanding of the nation." Immediately following the issuance of this telegram, Feng was reported to have withdrawn with his forces to the town of Changpei, a small city located about 40 miles to the northwest of Kalgan. Gen. Sung Che-yuan, former Feng subordinate, has therefore resumed his previous title of Chairman of the Chahar provincial government while one of his lieutenants, Gen. Tung Ling-kuo has been entrusted with the maintenance of peace and order in Chahar. A report in the *Sin Wan Pao* on August 8 intimated that the solution of the Chahar crisis occasioned by Feng's assumption of control in that area, actually had been worked out at conferences held in Shanghai at the residence of Gen. Li Lieh-chun, member of the Kuomintang Central Executive Committee, who resides in the local French Concession. This report claimed that Feng had entrusted Li Lieh-chun with the task of negotiating with the National Government's representatives, in accordance with which Li had approached both Chiang Kai-shek and Wang Ching-wei. In accordance with the agreement reached the National Government leaders promised "everything would be easy" if Feng would hand over his military power to Gen. Sung Che-yuan. A report in the *China Press* said that the final details regarding the adjustment of the Chahar situation probably would be worked out following the arrival in Shanghai of Gen. Huang Fu, head of the Peiping Political Committee. Gen. Huang Fu recently was called to Kuling by Gen. Chiang Kai-shek for a conference. The report in the *China Press* said it was understood that both Marshal Feng Yu-hsiang and his chief lieutenant, Gen. Fang Chen-wu would be given substantial posts and power.

The latest on the Chahar situation was carried by a *Reuter* report from Peiping quoting Gen. Ho Ying-chin, head of the Nanking troops in the north as stating he had officially informed the Japanese of the "changed situation" in Chahar, in consequence of which he had requested the Japanese troops to discontinue their advance on Dolonor. Gen. Ho denied the report that Dolonor had already been captured by the Japanese, stating that the combined Japanese-Manchukuo forces were concentrated at Weichang on the Jehol-Chahar border "in preparation for an immediate attack." Gen. Ho stated further that the rehabilitation of Chahar and disposal of the miscellaneous troops in that province would be entrusted to Gen. Sung Che-ynan, the new chairman of the province. A *Rengo* message late Tuesday night from Peiping stated Lieut.-Col. Shibayama, Military Attache of the Japanese Legation in Peiping had called on Gen. Ho Ying-chin and had conferred at length on the Chahar situation. The report stated that Col. Shibayama had "taken advantage of the occasion to inform Gen. Ho regarding the views of the Japanese Kwantung Army regarding the security of the western border of Manchukuo." A further report in the afternoon Chinese papers in Shanghai on Tuesday (Aug. 8) stated that Nanking would send Gen. Huang Shao-hsiung, Minister of Interior to Chahar to negotiate with Marshal Feng regarding the Christian General's future title and activities. When the trouble between Feng and the Nanking troops developed originally, Nanking offered to appoint Feng "Director of Forestry and Reclamation in the Northwest," providing he would relinquish his self-styled title of Commander of the "People's Anti-Japanese Army for the Recovery of the Lost Territories." General Huang Shao-hsiung, Minister of Interior,. is a southerner who has been associated with General Chiang Kai-shek for several years and recently participated in the Kuling military conference when the solution of the Chahar crisis was discussed and the Government's policy decided upon. Gen. Huang, according to local report, also will go to Shansi and interview Gen. Yen Hsi-shan while on his trip to the north.

According to telegrams from foreign sources received in Shanghai on Tuesday night of this week considerable doubt was expressed that the adjustment of the Chahar crisis would be more than temporary since Feng Yu-hsiang had not relinquished command of his so-called Anti-Japanese Army, which had retreated in orderly manner from Kalgan-Suanhwa to Changpai. According to the prevailing understanding of the compromise in Tientsin, Li Lieh-chun, being an intimate friend of Feng, had suggested to Gen. Chiang Kai-shek that Feng be appointed to a high position in the training division of the army and it was on this basis that Feng had agreed to retire from Kalgan, where he was being strongly pressed by the Nanking troops and where several clashes had occurred.

JAPANESE WOULD RESTORE THE PEIPING-MUKDEN TRAFFIC

A dispatch through *Reuters* from Peiping on August 7 stated the conference between the Sino-Japanese delegates regarding resumption of traffic on the section of the Peiping-Mukden railway south of the Great Wall was deadlocked due to Japanese insistence that complete through traffic be restored between Peiping and Mukden. The Chinese delegates objected to this on the ground it would mean that Manchukuo trains would be running to Peiping. The Chinese suggested that each side run through trains to Shanhaikwan, thus permitting passengers and freight to be transferred at the Great Wall station. The report stated the Japanese withdrawal of troops from the Peiping-Mukden railway "is expected to be completed today (August 7)." Ku Meng-yu, Minister of Railways in the Nanking Government, went to Peiping on August 3, supposedly to investigate railway matters in the north.

The *Peiping Morning Post* in the course of an editorial discussion of the Sino-Japanese situation in the north (August 1) declared,

> "The question of who shall control the various strategic passes along the Great Wall is still a source of anxiety. The Tangku armistice is silent as to where the Japanese troops will be withdrawn....the Chinese delegates had no alternative but to leave this question to the Japanese themselves to decide. Japan merely declared that her troops would 'return to the Great Wall' as soon as the Chinese troops had been withdrawn to the line extending from Yenking to Lutai....Japan's use of the term 'return' had a special meaning and the reason Japan used

this word instead of 'withdraw' is because she wanted to show that in her eyes the Great Wall has become the southern boundary of Manchukuo....So long as China is not in a position to recover the four Northeastern provinces, Japan is free to interpret the agreement in any way she likes....which means that all the passes in the Wall are controlled and garrisoned by the Japanese. This means that not only the area to the east of the Luan river, but also Peiping and Tientsin are entirely at the mercy of Japan. This makes a mockery of the present work of retrocession....Before the Manchurian events of Sept. 18, 1931, Mukden was at the mercy of the Japanese army because the Japanese were free to advance on Mukden at any time from their bases at Dairen and Port Arthur. The Peiping and Tientsin districts today occupy exactly the same position that Mukden occupied prior to the Japanese occupation. The fact therefore must be faced that Peiping and Tientsin have become the first line of Chinese national defence in north China....The time will not be far off when a second Mukden incident will break out in this area. More than 4,000 Manchukuo "'irregulars' and their commander Li Chi-chun have been incorporated into the Chinese police force in the zone. They are the 'paws and teeth' of the Japanese and subject to Japanese dictation....Our purpose is to call the attention of our military authorities to the importance of the defence situation in north China."

JAPANESE TROOPS REMAIN 40 MILES FROM PEIPPING

A report (*Reuters*) from Peiping on August 8 referring to a dispatch from Tokyo alleging all Japanese troops had been withdrawn from the so-called "neutral" zone, declared the Tokyo report was exceedingly premature as it is known definitely that a detachment of Japanese troops is still in virtual control of Myiunhsien forty miles south of the Great Wall from Kupeikow and about an equal distance north of Peiping. A considerable number of Japanese troops are still remaining between Chinwantao and Shanhaiwan within the Luantung district. A further report from *The Review's* correspondent in Peiping (Tuesday) said the resumption of railway traffic between Peiping and Tientsin and Shanhaikwan had been made impossible because of the Japanese demand that through traffic between Peiping and Mukden be re-established, which, if agreed to by the Chinese authorities would permit the Japanese South Manchuria Railway to operate trains from Mukden to Peiping. As to the conditions within the demilitarized zone between Peiping-Tientsin and the Great Wall, the dispatch stated that the entire area adjacent to the Great Wall was infested by Manchukuo irregulars and bandits which had been permitted to enter the area by the Japanese military garrisons holding the passes in the Wall.

"THE INDISPUTABLE EXISTENCE OF MANCHUKUO"

General Sadao Araki, Imperial War Minister, issued an official statement on August 8, dealing with the situation in Manchukuo, in the course of which he declared that the Manchukuo Government is enjoying a "healthy development." He said that Kirin province is still the center of bandit activities and while the number in this province is still approximately 70,000, there has been a remarkable decrease. Following Gen. Araki's statement, the War Office also issued a lengthy report in connection with the withdrawal of the Japanese troops from the "neutral" zone extending from Peiping and Tientsin to the Great Wall. After declaring that the Japanese troops had fullfilled their promise of "returning to the Wall," the War Office spokesman then complimented the Chinese forces on their observance of the Tangku Armistice as indicated in their evacuation of the demilitarized zone. The declaration then said, "The Japanese military authorities entertain no territorial ambitions whatever," following which the belief was expressed that "the first stage in the furtherance of peace and order in the Far East through the cooperation of China and Japan has been atttained.... the War Office takes this opportunity to express the hope that all ill-feeling prevalent between the two countries will be swept away through mutual aid for the establishment of permanent peace in the Far East and for the well-being of mankind." Then followed the following declaration,

"The Kwangtung Army, however, will take decisive steps, should the Chinese authorities fail to conform to the spirit of the Tangku truce and menace the indisputable existence of Manchukuo."

CANTON BUILDING UP STRONG MILITARY FORCE

Sufficient time has not yet elapsed for reports to reach Shanghai giving Canton's reaction to the temporary adjustment of the Feng crisis in Chahar, but various reports have appeared in the Shanghai newspapers indicating that the Cantonese are continuing to develop their military strength. A report in the *Shun Pao* on August 1 said that since the organization of the so-called "National Defence Commission," the Canton authorities have left no stones unturned in the development of a powerful military force. At the present time more than 20 foreign military experts are employed as advisers, overseers in the arsenal and instructors in aviation. A number of aviation fields are being developed and batteries of anti-aircraft guns are being installed for the defence of Canton. Newly purchased airplanes are arriving in large numbers and it is reported that orders have been placed for the construction of several warships for the Canton navy. Forts in various parts of the province are being strengthened, particularly the Tiger Fort which is being equipped with new guns. New forts also are being constructed at Haiho and Swatow. The military preparations also extended into the interior of the province where fortifications are being built for an "unknown purpose," the preparations including a trench system along the Kwangtung-Hunan border and it also is reported a new arsenal is being constructed in the North River district.

Funeral of Late Marshal Muto Held in Tokyo

The last rites for the late Field Marshal Nobuyoshi Muto, Commander-in-chief of the Japanese Kwantung Army, who died in Changchun on July 27, were solemnized at the band stand in Hobiya park, Tokyo, August 7. The impressive funeral service was attended by a large number of Japanese and Manchukuo officials. High Government officials including Premier Saito, the personal representative of Henry Pu-yi, and members of the diplomatic corps, were among those present.

Hishikari Will Leave for Manchukuo August 14

General Takashi Hishikari, the newly-appointed ambassador to Manchukuo and commander of the Kwantung Army, will leave Tokyo for Changchun on August 14.

Japanese Navy Department Heads Japan's Enormous Budget

THE temper of Japanese officaldom is made evident by the fact that although all departments of the Japanese Government are making frantic appeals for increased appropriations in the forthcoming budget which is now in the process of being drawn up, it is only the Army and Navy Departments that will get anything like the sums of money they are asking for. The other Departments will have to be satisfied with decreased amounts. The Navy Department is preparing a so-called second replenishment program calling for expenditures over a number of years providing for the construction of warships and for the expansion of the aerial arm of the sea defenses. The Navy's building program provides for the construction of new warships covered by the provisions of the London naval treaty besides craft not covered by the agreement. The Navy Office plans call for completion of the program by March 30, 1938, which marks the close of the 1937-1938 fiscal year. The plan is understood to call for inaugurating the program at the beginning of the next fiscal year, that is, the year which begins on April 1, 1934. Various figures have been published as to the amount of money that is to be spent on this program, and an important point in this connection is how the yen will stand up in international exchange during the next few years. In any event the reader must distinguish in figures which refer to the whole program compared with the figures which refer to the annual budget now in course of preparation—the whole program having to be provided for by appropriations during consecutive years.

The second replenishment program, as it is called, has been variously estimated to require a total sum of from Yen 590,000,000 to Yen 670,000,000. The Navy's plans are understood to provide for a total of 36 vessels of which four are not actual combat vessels. The new craft, according to Japanese newspaper reports, will be as follows: Ships covered by the London Naval Treaty:—Two light aircraft carriers, one minelayer, 14 destroyers and six submarines. Ships not covered by the London Naval Treaty:—One tanker, one repair ship, one submarine tender, four torpedo boats and four submarine destroyers. No definite information on the size of the appropriation for the first year of the program is as yet available, but it is generally agreed, however, this appropriation 'probably will total in the neighborhood of Yen 180,000,000. In the meantime, seven other Ministries have submitted their estimates for the impending fiscal year to the financial authorities.

Rengo says that on the basis of the estimates submitted, the total, unless pared down by the Finance Ministry, will run well above Yen 1,200,000,000. The new enterprises of Ministries whose estimates have been submitted represent a total or Yen 960,000,000, these, with the figures for the navy including the year's cost of its program, being as follows, according to *Rengo*.

Foreign Ministry	Yen 19,500,000
Home Ministry	184,750,000
War Ministry	330,000,000
Navy Ministry	370,000,000
Ministry of Justice	3,700,000
Ministry of Education	13,820,000
Ministry of Commerce	27,983,000
Ministry of Communications.	13,180,000
Total	Yen 962,933,000

It will be noted that the demands of the Navy and War Ministries are far in excess of the other departments.

The Japanese Foreign Office has issued a statement explaining the principles followed in compiling its own budget for the next year, and asserting that all its own new expenditures were for projects necessitated in order for Japan to cope with the situation arising from its withdrawal from the League. The statement, as reported by *Rengo* said in part: "Japan at this time is confronted with the necessity of embarking upon a policy of economic expansion abroad. Japanese goods are being oppressed in foreign countries, and if present conditions are allowed to follow their own course, Japan's economic interests abroad will suffer seriously. It is the duty of the Government to protect those trade interests, which have been built up through years of effort on the part of both the Government and the people. The need of the moment is to surmount obstacles standing in the way of Japanese trade and to secure new outlets for Japanese goods." The statement concluded by stressing the necessity for perfecting machinery intended to promote and protect Japan's interests abroad.

The present indications are that the demands made by the War and Navy Departments for the next fiscal year will be acknowledged by the Finance Department, but the demands of all other Departments will have to be greatly cut down. The Finance Department has announced that it intends to keep the total budget amount for the next fiscal year under Yen 2,300,000,000, the figure for the present year. This policy of the Finance Department was decided on at a conference of Finance Department officials with Mr. Takahashi, Finance Minister, at Hayama recently. As the basic appropriation for all Departments this year was Yen 1,500,000,000 the total of the ordinary and extra-ordinary demands of the Government will exceed Yen 2,500,000,000. On the other hand, it is stated to be the intention of the Finance Department to limit the issuance of red-figure bonds next year to Yen 950,000,000. Therefore, it is necessary to cut down the demands of departments other than the Army and Navy.

Articles in the Japanese newspapers indicate that the prospect of increasing taxes and the revenue from Government monopolies has become very remote because of the objection of the Finance Minister. The shortage of revenue will, as formerly, have to be covered by the issuance of national bonds.

Mr. Takahashi is quoted by the *Asahi* as talking hopefully of the possibility of ordinary expenditure in the next fiscal year being met with ordinary revenue. Although not substantial in amount, the fiscal year 1931-1932 yielded a surplus, which can be made use of in the next fiscal year, and some natural increase in revenue can be counted upon in the new fiscal year. Referring to the Manchurian affair expenditure, Mr. Takahashi said that Japan has the responsibility to make Manchuria a safe place to live in, and this object is yet to be attained, seeing that bandits still infest some districts. He nevertheless hopes that the Manchurian affair expenditure will gradually decline.

Minseito Leader Warns Against Swollen Armaments

The situation as it stands at present is that the new budget in any event will call for the appropriation of about a billion yen in excess of the expected revenue. The Japanese 'newspapers generally take the stand that there are only two ways to balance the budget—borrowing or increasing taxes—and that both these are bad. However, the budget will have to be balanced somehow or another, especially since, they declare, the military authorities insist that the country is in grave national danger, but nearly all of them emphasize the fact that mere balancing of the budget does not signify consolidation of national finance.

Baron Reijiro Wakatsuki, President of the Minseito, in a fiery speech, recently attacked the Government for compiling another budget with such an enormous deficit, saying that, perhaps, the views of the military must be given full benefit, but, if that was done and if the Government agreed with the tenets held by the military, then, in his opinion, the country was practically on a war footing. If that were so, Baron Wakatsuki said, the Government ought to set in motion machinery suitable for such a time in securing funds. The Baron next warned the public

against possessing swollen armaments when the State exchequer could not stand it.

In the meantime, the Saito Ministry, although attacked on all sides, seems to be holding out fairly well. There are frequent references in the Japanese press that there is a strong possibility that Dr. Suzuki, President of the Seiyukai, the largest party in the Lower House, may enter the Saito Ministry as a Minister without portfolio. Rumors are freely circulated that the political plank of the Seiyukai has recently undergone considerable change and that its previous ambition to monopolize the Cabinet following the downfall of the exisiting Ministry has been modified. The Seiyukai, according to their view, is now not averse to forming a sort of coalition Cabinet with other political parties, should such opportunity come. Incidentally, Finance Minister Takahashi in a recent interview said the weak point of the exisiting political parties in Japan generally is that they have lost the confidence of the people by their own past records. Mr. Takahashi sounded a warning that lest the political parties should take steps immediately to restore the confidence of the people in them, the inevitable result would be the emergence of a political regime not based on political parties.

Japan Loses Trade in China; Gains Elsewhere

Japan's trade with China for the first half of this year showed a decrease of 48 per cent in imports and 62 in exports compared with the same period last year, a Tokyo telegram August 8 stated. However, according to comparative statistics published by the Commerce Ministry, Japan's foreign trade as a whole for the same period showed an increase of 24.4 per cent in imports and 50.9 per cent in exports, while in the first half of this year Great Britain showed a decrease of 10.5 per cent in imports and 7.2 in exports.

The Tokyo Chamber of Commerce at its executive meeting Aug. 2 considered the advisability of holding an exhibition of Japanese merchandise in Brazil in view of the growing demands of Japanese goods in that country.

According to an announcement made in Tokyo, Aug. 8, the total amount of postal savings deposits at the end of July reached 2,792,340,000 yen, an increase of 36,293,-029 yen over the amount of the previous month.

A "Thought Bureau" to Be Created

The Education Ministry of Japan, according to a *Nichi Nichi* account, is to create a "Thought Bureau" for the control of radicalism. The Ministry included Yen 60,000 in its next fiscal budget for the establishment of the new branch. The object of the new bureau is to stamp out "dangerous thoughts" inimical to the present makeup of the Japanese Empire, which it is felt have been penetrating not only student bodies of universities, colleges, higher schools, professional schools and middle schools, but are spreading among primary school teachers and young men and women in the community at large. Simultaneously, the Home Office is planning a sweeping revision of the present peace preservation law as a direct move against Communist agitation, and the *Nichi Nichi* understands penalties of life imprisonment or even death will be provided for those convicted, for instance, of attempting to change the character of the Japanese nation.

A Plot to Murder Charlie Chaplin

Lieutenant Kiyoshi Koga on the stand at the Yokosuka naval court martial last week, where he and other former navy officers are being tried for the May 15 Incident, in which Premier Inukai was killed, testified that the plotters, attempting to "purify politics" in Japan, planned to attack a reception which was being given in honor of Charlie Chaplin, American comedian, by the Premier on the occasion of Chaplin's visit to Japan in 1932. The plotters hoped that such action would precipitate war between the United States and Japan. When shown the dispatch in Los Angeles, Chaplin said, "Any person should have enough commonsense to see that war between the United States and Japan could never be caused by merely killing me. There must be a mistake in the report."

Dr. Hajime Kawakami was sentenced to five years' imprisonment, at Tokyo, August 8, on a charge of engaging in communist activities.

Following a series of strict police examinations since June, when she was arrested by the police on the charge of subversive communist activities, Miss Toshiko Iwasa, woman proletarian writer, was on August 2 sent to the Tchigaya prison in Tokyo for detention.

Seifu Tsuda, noted painter, after being detained in the Kagurazaka police station on a charge of being involved in the communist movement, announced Aug. 5 his intention of severing relations with communism and turning to Japanese painting.

A Chinese named Oh Shu-shaku was deported from Tokyo July 27. It was alleged that Oh is an ultra-anti-Japonist, and, influenced by the Chinese Communist students, who were deported from Japan some time ago, had been engaged in collecting from among compatriot workers contributions of money to be used for the anti-Japanese drive in Shanghai.

K. B. Oak, Chinese Naturalized Korean, Murdered in Shanghai

The Korean who was assassinated in the Shanghai French Concession last week has been identified as K. B. Oak, formerly a Korean revolutionist and until his death, manager of the A.C.K. Company at 112 Szechuen Road. He was a prominent leader in the local Korean community, being the secretary-general of the chamber of commerce and other public organizations of his own people. He was naturalized as a Chinese citizen in 1928 and for many years past was an active member of the Shanghai district Kuomintang. The assassin fired three shots, the third one of which entered Mr. Oak's back, piercing the chest and coming out from the front. The murderer was dressed in white Chinese garments.

"The revival of the anti-Japanese feeling has begun recently to be felt strongly in Shanghai, although it has been concealed since the Shanghai campaign," Naoichi Isokawa, lawyer and a Hyogo prefectural assemblyman, stated upon his return to Kobe last week after a visit to the consular court of Shanghai. "With the perceptible growth of Chinese hostile sentiment against Japanese residents, they are very cautious; but nevertheless Japanese pedestrians are subject to frequent violence on the road," Mr. Isokawa said.

Japan Increases Subsidies to Shipping Companies

At a conference of the Department of Communications authorities July 28, the decision was reached that the subsidies to the shipping lines, which are to be renewed in the next fiscal year or in the year after next, on the expiration of the contract terms,—more important among them being the North American, the South American, and the China lines—should be increased wholesale. Thus, the total of the subsidies has been fixed at Yen12,-339,000.

Peiping Police Raid Arts College, Arrest Communists

The Peiping Bureau of Public Safety, with the assistance of the Hopei Provincial Party Headquarters, conducted a raid on the Arts College in the former capital Aug. 4, where communists were reported to be present. When the communists resisted, the police opened fire. As a result, 19 communists were arrested and a large quantity of reactionary documents seized. The men are now detained at the Bureau of Public Safety.

Communists Devastate Northwest Kiangsi Countryside

A graphic story of the Communist-bandit situation in northwest Kiangsi was given by a special correspondent in the *North China Daily News* of August 4. While government troops pour into the province in other districts, Kong Ho-long continues his marauding and banditry to the devastation of the countryside there. Cities and fields that have been productive for generations sink under weeds before his ravages. To add to the misery of the people famine has shown its ugly head. What little rice is harvested is in constant danger, because upon the first alarm that bandits are near, the people seize what little they can, and run for their lives to the cities, leaving crops to be stolen, houses to be burned. All the country in that area is mountainous, so that when driven back, the bandits find safety in the barrenness of the land, where few people live to check their movements. Ordinarily the Government troops dare not leave the town in which they are stationed for fear of a defeat that would mean laying open the town itself, according to the news received. When attacked, however, the troops fight fiercely.

Communists Make Gains in Western Fukien

A recent special despatch from Amoy to the *China Press* stated that the situation in western Fukien has become tense as Communists are now again gain-

ing ground in their attack against the provincial troops. Motor buses and trucks have been commandeered to transport reinforcements to the Loongyien front where provincial troops are reported to have sustained heavy casualties at the hands of the communists. Though all reports concerning the fighting in Loongyien have been suppressed the seriousness of the situation in western Fukien is evidenced by the flight by airplane of Tang Shih-chen, chief-of-staff of the provincial forces, and General Shen Kwan-han, commander of the 60th Division, from Foochow to the Loongyien front via Changchow early this week.

19th Route Army Claims Successes Against Reds in Kiangsi

According to despatches from the front in Kiangsi, the Government forces are making great progress in their drive against the communists. The 78th Division of the 19th Route Army, under Lieutenant-General Ou Shao-nien, had a severe encounter with a strong force of Reds, who were eventually forced to retreat, leaving many dead behind.

The field-headquarters of the anti-Communist south route expedition, of which General Chen Chi-tang is commander-in-chief, have been established at Tayu, in south Kiangsi. The combined Kwangtung and Kwangsi forces and the Nineteenth Route Army report victories. They claim that more than 600 communists have been killed and a great quantity of rifles and machine guns captured.

A recent telegram from Gen. Hsu Yuan-chuan, who is personally directing the bandit-suppression campaign in western Hupeh, reported the capture of Shihhuiyao, Wuyangkwan and Hungtaochi, where the "Red" bandits had been entrenched.

The situation in Western Fukien is reported to be extremely grave following the recent offensive launched against the Communist stronghold at Changting by the 19th Route Army.

The headquarters of the 19th Route Army at Changchow is now commandeering motor trucks for the transportation of reinforcements to the front. General Tsai Ting-kai, Commander of the 19th Route Army, is at Lungyen where he is directing operations against the Communists in person.

Anhuei City Surrounded by Bandits

The Anhuei natives in Shanghai addressed a joint telegram to General Chiang Kai-shek August 7 reporting that the city of Fuyang on the Anhuei-Honan border has been surrounded by bandits. They requested that strong detachment of troops should be sent to Fuyang to save the population.

Reports vary regarding the actual military situation in Western Fukien, but one report states that the 19th Route Army had abandoned Lenchen, the city having already been captured by the Communists August 6. The two divisions of Fukien provincials who were holding that city have fallen back for reformation. General Tsai Ting-kai, Commander of the 19th Route Army, has arrived at Lungyen.

General Tsai Ting-Kai Resigns, Chen Ming-shu Recommended as Successor

Chinese reports received in Canton August 2 stated that General Tsai Ting-kai is resigning from his post as Commander of Bandit Suppression in Fukien. He is stated to have recommeded as his successor General Chen Ming-shu, some-time Minister of Communications in the National Government and former commander-in-chief of the 19th Route Army, who is at present in Hongkong.

Highways as an Aid to Bandit Suppression

Acting under instructions from General Chiang Kai-shek, General Chen Chi-tang, Commander-in-Chief of the Southern Route Bandit-suppression Forces for the provinces of Kiangsi, Kwangtung, Fukien, Hunan and Hupeh, has ordered the Kwangtung units under Generals Yu Han-mou and Huang Jen-huan to set to work on the construction of the Kwangtung-Kiangsi Inter-Provincial Highway so as to facilitate the movement of the bandit-suppression forces. Work on the construction of the Hunan-Kiangsi, Chekiang-Kiangsi and Fukien-Kiangsi Inter-Provincial Highways has already been started by the various Government units.

Allied Forces Assume General Offensive in Szechuen

The Allied forces in Szechuen assumed a general offensive against the troops of General Liu Wen-huei, on the right bank of the Min River, on August 2. General Liu Hsiang ordered all high military commanders in the army to proceed to the front to take up their commands in person while General Liu himself will leave for Jenshou shortly to direct operations.

General Liu Wen-huei has concentrated the best of his troops at Hsintsin and Kating and has lined the riverside with his best artillery units to keep the Allied forces from landing. General Liu has also organized a special unit to fight against airplanes, it is stated.

China Should Respect Tibetan Customs

The *Sin Wen Pao* comments: "Latest reports from Nanking state that the Mongolian and Tibetan Affairs Commission is considering measures for a fundamental solution of the Sikang-Tibet dispute and the advisability of restoring the Resident Commissioner post in Tibet as in the days of the Manchu Dynasty to assist the Dalai Lama in controlling Tibet. In this connection it must be remembered that before anything can be done, the native customs, religious faith, and administrative affairs must first be taken into consideration. Special care should be taken in dealing with the people who have autonomous rights. The Resident Commissioner of the Manchu Government was similar in nature to a Superintendent whose duty was to exercise supervision over the local administration. He has the right to interfere with the administrative, financial and military affairs of the land to which he is accredited. In the past none of the Resident Commissioners appointed to Tibet carried out their work satisfactorily. Now the Dalai Lama is the head of the Tibetan Government and naturally he does not like to have a super-administrator over him appointed by the Chinese Government."

Dr. Yuen-li Liang Describes Chinese Diplomacy at Geneva

In the course of a reception held in his honor by the China Institute of International Relations at the Bankers Club in Shanghai on August 8, Dr. Yuen-Li Liang, until recently technical adviser to the Chinese delegation to the League of Nations and newly appointed Counsellor of the Executive Yuan, delivered an address on Chinese diplomacy at Geneva, emphasizing the juristic nature of the League Covenant and discussing the import of the Report of the Advisory Committee on the Non-Recognition of "Manchukuo", just published by the Chinese Foreign Office.

After general survey of the course of events in the Sino-Japanese dispute since the presentation of the Lytton Report, Dr. Liang, who remained in Geneva during the whole period when the Assembly was in session, revealed the fallacy of the legalistic argument that Japanese military action in China was not a breach of Articles 12 and 15 of the League Covenant on the pretence that such action was not a "resort to war" within the meaning of these articles. Dr. Liang pointed out that, political propagandist apart, most international lawyers of scientific standing were agreed that "resort to war" as envisaged by the League Covenant was not meant to signify "the initiation of a state of war" but rather the recourse to forcible measures before the exhaustion of the peaceable methods of settlement. Dr. Liang emphasized that the indifference of the Powers to uphold the prestige of the League Covenant was based upon political grounds, while the legal reasons they advanced were hardly tenable. The Report of the Advisory Committee on the Non-Recognition of "Manchukuo" was the best that the Powers were now prepared to do in the way of implementing the Report of the Committee of Nineteen, adopted by the Special Assembly last February. This Report, Dr. Liang pointed out, was merely a passive measure of sanction, and unless fortified by other measures of a positive nature, might prove to be nothing more than a historic document devoid of any serious meaning. Commenting on the matter of technical cooperation between China and the League of Nations, Dr. Liang said that as the League had failed in its primary function, that of the prevention of war, it was naturally to be expected that it would turn its attention to the other function, that of organizing technical cooperation among its member states. Dr. Liang said that the League was particularly anxious to achieve this end as between itself and China, because this would be the only way whereby the League could retrieve its lost prestige in China.

Canton Fleet Establishes Temporary Headquarters

The temporary headquarters of the Kwangtung High Sea Fleet have been established at the Oriental Hotel in Canton. The formal establishment of a high sea fleet command will be deferred until Rear-Admiral Chiang Si-yuan completes his organising plan, which is to be approved by General Chen Chi-tang, the Cantonese commander-in-chief.

Formal appointments of the officers of the three cruisers *Hai Chi, Hai Shen and Shao Ho* have been made by General Chen Chi-tang, commander-in-chief of the first group army, who is instructed by the Southwest Political Council to take control and direction of the three warships. The status of the other three gunboats *Yung Hsiang, Hai Ou and Chu Yu* has not yet been determined.

At last reports the three runaway gunboats *Yung Hsiang, Chu Yu* and *Hai Ou* were somewhere south of Keelung and are on their way to Canton. According to a high naval officer, a supply ship has been sent to meet the three gunboats. The supply ship will transfer food supplies and coal to the three gunboats and will lead them up the Pearl River.

Admiral Shen Hung-lieh, Mayor of Tsingtao, proceeded to Tsinan during the week to confer with General Han Fu-chu, Chairman of the Shantung Provincial Government. He later went to Peiping to submit a report on the Tsingtao situation to the Peiping Political Affairs Readjustment Committee.

According to a telegram received at the Naval Ministry from Amoy, the pirates harassing Fukien waters have been dispersed and tranquility now prevails along the Fukien coast. The success of the campaign is credited to the two gunboats, *Hai Shou* and *Tung Chi*, which were recently despatched to clean up the sea rovers.

What the Chinese Navy Should Do

The *Sin Wen Pao* comments:—"When the Chinese Navy was first organized during the Manchu Dynasty it was divided into three squadrons; the North China Squadron, South China Squadron and the Kwangtung Squadron, each under the command of the highest officials of those places. These squadrons each had a special area allotted to them. At the present moment the same situation exists, the ships being controlled by the Navy Ministry, the Pehai Squadron and the Kwangtung Squadron. When the Government warships hold a review, none of the warships of the other two squadrons participate. The service of the Navy, however, has grown much worse than in the days of the Manchu Dynasty. In the Manchu era warships were often sent to Japan and the Dutch East Indies to enquire after the conditions of Chinese citizens overseas and to give them much better protection than they have to-day. The cruiser *Haichi* once went as far as London and Mexico on a goodwill cruise. But nowadays none of these things are even talked of. At present China has eight cruisers capable of going to sea but even these are now under two different controls. This shows the unusual weakness of the Chinese Navy, if it is of any use at all."

Japan Decides to Participate in British Trade Parleys

Because of the refusal of Great Britain to confer plenipotentiary powers to the Indian delegates to conduct negotiations for the adjustment of trade and economic relations between India and Japan, Foreign Minister Ushida Aug. 7 forwarded another instruction to the Japanese Ambassador in London, requesting him to ascertain the real intention of the British Government in regard to the proposed India-Japan negotiations, enquiring among other things whether Great Britain will be willing to consent to the conclusion of a provisional agreement between Japan and India pending the conclusion of a final and formal treaty of commerce later on.

Following a series of consulations with Japanese industrialists since the receipt of the British notification with regard to the nature of the forthcoming trade negotiations between Great Britain and Japan, Japan has decided to notify Britain of her formal participation in the trade parleys. Japan will ask that rayon (artificial silk) shall be excluded from the agenda.

A recent Tokyo telegram stated that in case the British Government did not invest the Indian representatives to the trade parleys with full diplomatic rights, the Japanese Government would not send delegates with full diplomatic rights.

British Planes Bomb Mohmand Town

The British Royal Air Force in India last week continued reconnaissance flights over the territory occupied by the Upper Mohmands. During their flights, they bombed the village of Kotkai. The mud houses of the village were presumably completely destroyed. The Upper Mohmand Lashkars have apparently been dispersed, for no sign of them was seen by the British planes during their flight over the territory normally occupied by them. The villagers had fled on the approach of the planes and none of them were killed.

Gandhi Sentenced to One Year's Imprisonment

Mahatma Gandhi was sentenced to one year's imprisonment at Poona, August 4, for his part in the recent march which had as its object reintroducing the disobedience movement. Mr. Gandhi was temporarily released from Yeravda gaol, but for refusing to obey the order restraining him from leaving the district and forbidding all activity in connection with the civil disobedience movement, he was later re-arrested.

The wife of the Mahatma has been sentenced to six months imprisonment and will serve the sentence in the same premises as her husband.

The picketing of shops, which was abandoned by the Indian National Congress some time ago, was resumed in Bombay last week. Nine arrests were made in the cloth market on charges of picketing and distributing leaflets urging a boycott of British goods.

Japan Imports Cotton from Brazil

The first Brazilian raw cotton shipment ever to come to Japan is due to be sent on the *Arizona Maru*, from Rio de Janeiro on August 13, scheduled to arrive at Kobe on October 7. Japan is boycotting Indian cotton and is seeking supplies elsewhere.

Chinese Chambers Urge Action on Indo-China Treaty

The National Associated Chambers of Commerce of China have telegraphed to the Ministry of Foreign Affairs urging that the terms of the Sino-French Treaty regarding Annam and French Indo-China, be put into effect as soon as possible. The telegram points out that despite repeated requests on the part of Chinese merchants in Annam, the protracted negotiations have not yet been brought to a conclusion. Chinese nationals in Annam, the message says, are being treated as subjects of non-treaty States and have been subjected to all manner of discriminatory treatment. The message concludes with the hope that the Ministry will take up the matter with M. Wilden, the French Minister, who is on a visit to Nanking and reach an early arrangement for the enforcement of the Treaty concluded more than three years ago,

Censorship Measures Formulated at Nanking

To facilitate the task of press censorship, Yeh Chu-tsang, Chief Secretary of the Central Party Headquarters, has formulated a set of measures for the guidance of the newspapers as well as the censors. While details are not yet available, it is understood that these measures aim at minimizing the occasion for censorship.

The Central Party Headquarters will issue weekly bulletins to the press containing reports on the latest international and domestic happenings with a view to enabling editors to distinguish between authentic and groundless reports.

Was It a Question of Color?

(Japan Chronicle, Kobe)

There is a story that a budding American negro writer, who has just been in Russia studying the better treatment of submerged peoples, lectured lately to a Pan-Pacific meeting in Japan on the bad treatment meted out to negroes in the United States, and he called on the Japanese, as fellow-sufferers from color prejudice, to come to the negroes' aid. He was afterwards questioned by the police, and it is not quite clear whether it is because the Japanese thought that he was red, or because he thought the Japanese were black.

Wang Ching-wei Explains Wheat and Cotton Loan

The question of foreign economic and technical assistance was dealt with at length by Wang Ching-wei, President of the Executive Yuan, in the course of an address at the weekly memorial service at Central Party Headquarters in Nanking, Aug. 7. President Wang declared that the conclusion of the American wheat and cotton loan as well as the League of Nations' technical cooperation with China appeared to have aroused misapprehension both within the country and abroad. In the first place, he said, it was feared in certain quarters that such foreign economic or technical assistance would not only involve an impairment of China's sovereign rights but would also pave the way for an international administration of China. Such apprehensions, President Wang emphasized, were entirely groundless. The American cotton and wheat loan, he pointed out, was in the nature of a loan of commodities pure and simple and had no political significance whatsoever. There was therefore absolutely no possiblity of China's sovereignty being impaired by such a loan.

In this connection, President Wang categorically denied the rumors and speculations alleging that besides the wheat and cotton loan, the Government was negotiating other foreign loans and that the system of banking consortium such as prevailed during the Peking regime would be revived for the purpose of granting loans to China. As for the League's technical cooperation with China, President Wang declared that he was at a loss to understand how such economic and technical assistance could either impair China's sovereign rights or lead to an international administration of China.

The American wheat and cotton had been objected to on the pretext that it would give rise to civil strife; it being feared that the proceeds of the loan would be used for the prosecution of civil war. Such fears prevailed particularly among certain quarters in the South-West. who cited, in support of their contention, the loans contracted by the former Peking Government in 1913 and 1917. Those who entertained such fears might however set their mind at rest, President Wang said, as it had been definitely decided upon, both by the Central Political Council and the Legislative Yuan, that the proceeds of the loan should be devoted entirely to agricultural and industrial reconstrction.

Conference to Discuss Distribution of American Cotton

A national cotton conference will be called under the auspices of the Ministry of Industry by the middle of this month, either in Shanghai or Nanking, to discus-measures for the distribution of the first shipment of American cotton, which is expected to arrive in China shortly. The meeting will be attended by the represents atives of all cotton mills throughout the country.

The first shipment of American cotton is expected to arrive in Shanghai by the end of this month. The *Shanghai Morning Post* says the shipment consists of 148,800 bales and it will sold in Shanghai by three American firms.

L. Everett, Inc., shipowners, have been appointed general shipping agents in the Orient for the wheat and cotton which will be freighted under the recent U. S. $50,000,000 loan of the Reconstruction Finance Corporation to China.

The Peiping *Morning Post* comments:—"Realizing the industrial backwardness of the country and the need of rural rehabiliation, the National Government has decided to apply the proceeds of the $50,000,000 American wheat and cotton loan to industrial and agricultural development purposes. This should meet with general approval but how to carry it out is an extremely difficult problem. Assuming that the Government will fulfill its promise to devote all the proceeds of the cotton and wheat loan to development purposes, the fact remains that without the planning of experts and a comprehensive program all the money is likely to be wasted. The League of Nations, it is true, has agreed to provide technical assistance, but it is feared that, with their ignorance of local conditions, foreign experts, however capable they may be, will not be able to accomplish much for us. Moreover, foreign experts cannot visit all parts of the country to investigate conditions unless they are provided with data furnished by the Government. A question which arises is: Has the Government ever made an estimate as to how much is needed for the development of Chinese agriculture and industry and does the Government propose to borrow more from abroad if the present loan proves inadequate for the purpose in view. So far we have come across nothing to indicate that the Chinese Government is making an investigation into the state of Chinese industry or agriculture; or that any experts are engaged in such a study. Without data and statistics it is impossible to draw up any scheme for the development of Chinese industry and agriculture."

Mohammedans in Sinkiang Launch Counter Attack

The Mohammedan troops under General Ma Chung-yin launched a counter-attack on Tihua, the provincial capital of Sinkiang during the week. Martial law was temporarily proclaimed at Tihua and a rigid censorship on all incoming and outgoing mails and telegrams was enforced. The wireless station of the Eurasia Aviation Company at Tihua is under military supervision.

A recent message from Tihua reported that the mandate of the National Government appointing Liu Wen-lung as Chairman of the Sinkiang Provincial Government and General Sheng Shih-tsai as Defence Commissioner for the Sinkiang Border had reached the Sinkiang capital. The insurgents under Ma Chung-ying having been routed, the situation at Tihua has eased somewhat.

A *Reuter* message from Simla, India, August 3 stated that sporadic disturbances between rival factions in Sinkiang (Chinese Turkestan) continue despite the efforts of the Chinese commissioner who was sent to Tihua to investigate affairs. In the meantime, however, Khoja Niaz Haji, the Turki leader, has come to terms with the Chinese authorities at Tihua with whom he is cooperating against the Tungan force in Kansu. The Chinese are reported to have allotted the control of the country from Hami to Kashvavmands to Khoja Niaz Haji, retaining the area north of the Tianshan mountains for themselves.

In order to foster closer contact between the Central authorities and the western border provinces, the General Staff Department at Nanking has drafted plans for the establishment of radio stations in Mongolia, Sinkiang, Kokonor (Chinghai), and Tibet.

Drawing attention to the rich natural resources of Sinkiang, General Huang Mu-sung at a press meeting in Nanking Aug. 2 emphasized the imperative necessity of developing the North-West as a means of consolidating the border defences.

General Ma Chung-ying, Commander of the 36th Division, is remaining loyal to the Central Government, according to General Wu Ying-chi, Chief-of-Staff to General Ma, who arrived in Sian from Sinkiang last week *en route* to Nanking to report to the Central Authorities on the Sinkiang situation.

Moslem Leader Arrives in Shanghai

Dr. Khalid Sheldrake, the Moslem leader of the west, arrived in Shanghai during the week on the Italian liner *Conte Rosso*. Dr. Sheldrake spoke on "The Beauties of Islam" at the Victoria Theater in Singapore, during his short stay in the southern port. Dr. Lim Boon-keng, principal of Amoy University, presided at the meeting. Dr. Sheldrake has been received very kindly by the Chinese overseas people. In his capacity as a leader of seven million Moslems in the West, and of many millions in other lands, Dr. Sheldrake is now bringing greetings to the Moslems of China.

Chinese Steamer Pirated Off Kwangtung Coast

Pirates attacked the China Merchants steamer *Yu Shun*, off the Kwangtung coast on July 31 and carried off a lot of money and precious metal. Three wealthy merchants of Swatow were kidnapped. Nobody on board was injured and no resistance was attempted. It is believed that the pirates boarded the *Yu Shun* especially with a view to kidnapping the three mercaants in order to hold them for high ransom. The ship arrived safely in Shanghai from Swatow August 5.

Japanese Charge America Is Helping China to Build Menacing Air Force

A recent *United Press* dispatch from Washington stated that when the Pan-American company recently purchased a substantial share in the China National Aviation Service, a map was published showing how the two services would cooperate in improving and extending world aviation services. The map showed a projected air route from Alaska to Khabarovsk and down through China to the Philippines with several possible landing stations in China. It also showed another route across the Pacific by way of Hawaii, the Philippines and Hongkong to China. The round-trip route was marked and a black line showed a spur route from Shanghai to Tokyo. The map was carefully made and was designed to show the possibilities of commercial aviation between North America and China. It was this map that evidently formed the basis of a recent Japanese allegation that the United States and China had signed a secret treaty for building up a menacing air force in China.

Recent reports in the Japanese press of a secret aviation treaty between the United States and China are entirely unfounded, Acting Secretary of State Phillips declared in Washington, August 5. The alleged treaty, according to the *Asahi*, contains three chapter with 17 articles and four annexes, and give the United States, among other things, full privileges and responsibility for the organisation of a Chinese air force. It is also alleged to stipulate that America shall supply China with half of the necessary funds, estimated at $40,000,000, for the construction of 835 scout planes, chasers and bombers until 1936, and is further stated to provide for the establishment of four stations in China within this year, one each at Swatow, Chuanchow, Chonhai and Haichow. A Nanking Foreign office spokesman classed this Japanese canard as being of the same brand as a previous allegation that American Government was arranging to establish a naval base on a certain island to the south of Amoy.

Donors of Planes Stipulate They Shall Not Be Used for Civil War

A guarantee that the five airplanes recently purchased by public subscriptions will not—under any circumstances—be used for civil war was demanded in a joint communication to the National Aviation Association addressed by the organizations instrumental in raising the contributions. These include the Greater Shanghai Chamber of Commerce, the Shanghai General Labor Union, the Shanghai Educational Association, the Ningpo Residents' Association, and the Board of Directors of the Boy Scouts in Shanghai. The five airplanes arrived in Shanghai from U.S. about two weeks ago and are to be dedicated at a popular ceremony to be held at the Kiangwan race course August 12. They will be named "Shanghai Merchants," "Shanghai Labor," "Shanghai Schools," "Shanghai Boy Scouts" and "Ningpo Residents." The planes are being assembled at the factory attached to the Hangchow Aviation Academy.

Lieut.-General Hsu Pei-ken, Director of the Aviation Administration of the Ministry of War, arrived in Hangchow by plane from Nanking August 4. General Hsu in an interview stated that plans for the development of the National Air Force were decided upon at the recent Kuling conference convened by General Chiang Kai-shek. Factories for the manufacture of airplanes will be established in the future, he said. Special training for defence against aerial attacks will be given the people in the various large cities of the country. It is planned to hold a large-scale demonstration at the Capital next year.

In accordance with the decisions reached at the recent Kuling Conference, the Aviation Administration of the Ministry of War has decided to erect four model airplane stations at Nanchang, Hsuchow, Kaifeng and Loyang.

General Sung Flies to Tsinan, His Native City

General Sung Tung-kiang, the first Chinese aviator to complete a flight from Berlin to Nanking, returned to his native city Tsinan as a hero August 2. Circling over the city three times, the plane landed at 11.30 a.m. Captain Sung was received by Genenal Han Fu-chu, chairman of Shangtung, and was honored by public bodies at an elaborate reception.

The People's Self-Defence Commission in Peiping has sent a telegram to Sun Tung-kiang, inviting him to come to Peiping to hold a demonstration and assuring him of a warm welcome. Chinese organisations in Tientsin have extended a similar invitation to the airman.

Kwangsi Is Developing an Aviation Force

Both Kwangtung and Kwangsi are leaving no stone unturned in developing their air force. Aside from employing foreign instructors to give their aviation students a rigid training, the provincial authorities are ordering more airplanes from abroad. The latest purchase made by Kwangsi consists of three pursuit-planes and four training planes. These machines arrived in Hongkong recently and will soon be flown to Kwangsi by pilots sent to Hongkong from Nanning, the provincial capital.

Tokyo Holds Air Defence Maneuvers

A three-day air defence maneuver on an unprecentedly large scale was commenced August 9 in a wide area involving five prefectures surrounding the capital of Japan. The entire population of the affected prefectures was prepared for the event with the slogan of "defend our sky." During the maneuvers all electric lighting in Tokyo and surrounding district is being cut off for a specified period at night, while signals are flashed whenever "attacking" planes are sighted.

A recent *Tass* message stated that construction of the airline between Vladivostok and Petropavlovsk in Kamchatka is rapidly approaching completion.

Mr. and Mrs. J. A. Mollison, British fliers, were honored in New York, August 1, by an official reception at the City Hall. Each was presented with a gold medal by the Mayor.

Mlle. Maryse Hilz, the French aviatrix who successfully completed a round trip flight from France to Japan last spring, has applied to the Government of Manchukuo for permission to fly over the new State.

The world's duration record for a motorless glider was broken August 4 by Kurt Schmidt, a young German student at Koenigsberg University. He remained in the air 37 hours.

Two French airmen, Rossi and Codos, flew from New York to Aleppo Asia Minor, August 5-7, thus breaking the non-stop distance record of 5,340 miles previously held by Britain.

General Balbo's air armada of 23 flying boats, held up in Newfoundland since July 26 by bad weather, departed from Shoal Harbor August 8 for the Azores, enroute to their home base in Italy.

The 28-year old Korean aviatrix, Miss Keigen Boku, who hopped off from Tokyo, August 8 for Osaka on her way to make a good-will flight to Manchuria was found dead later on the same date amidst the wreckage of her machine, on a hillside near the village of Taga, in Shizuoka prefecture.

Hongkong Refuses Facilities to China National Aviation Corporation

Owing to the difficulties it has encountered, the China National Aviation Corporation has been unable to formulate definite plans for an air mail service to South China. One of the main obstacles, according to the *Central Press* is the refusal of the Hongkong authorities to grant permission for the planes of the corporation to land there on regular flights.

Kiao-Tsi Railway to Float New Loan

A recent Tsinan message stated that the Kiao-Tsi Railway Administration is contemplating the flotation of a loan of $65,000,000 to be secured on the property of the railway. Forty millions of the loan will go to the redemption fund of the line while the remaining $25,000,000 will be used for the construction of a branch line connecting Changteh, in Honan, to link up with the Peiping-Hankow Railway. The loan is to be refunded in three years.

The Chinese Ministry of Railways recently placed an order for four locomotives and 74 cars in Britain for the Canton-Hankow railway. The Ministry has also ordered 200 all-steel wagons, which are to be equally distributed between the Tientsin-Pukow and Lung Hai Lines. A separate order for eight passenger coaches has been placed for the Tientsin-Pukow Railway.

The Ministry of Railways contemplates borrowing about $90,000,000 to complete the Canton-Hankow railway but before this amount is available, the Ministry will fisat bonds to this amount, according to Wang Jen-kong, assistant managing director of the Canton-Shaokwan Railway Administration, (southern section of the Canton-Hankow Railway).

The train ferry *Changkiang* arrived at Nanking from Shanghai under its own steam August 1 and is now moored at Hsiakwan pending the completion of the ferry system.

How to Accomplish Real Flood Prevention

To the Editor, *The China Weekly Review*:—

Referring to the article "Save China from Another Flood," by Paul K. Whang, in your issue of July 15 I note a number of points which, while too true are generally passed over entirely, or are merely given a passing notice. These points might be elaborated considerably to give more point to his arguments for more practical flood prevention.

The writer has been in China some 22 years, and has traveled over most of North and Central China and has had good opportunities to observe the so-called flood-prevention or rather Dyke Construction Bureaus in actual operation. To me it has appeared that very little effort was ever made to prevent any breaks, as no qualified inspection staff seemed to be employed, and no real notice was taken of the actual condition of the dykes until a break occurred. Then, with great ado, collections for reconstruction were taken up. The so-called Dyke Construction Offices immediately blossomed out in a new coat of Whitewash or paint, and of course new signboards. This as a matter of fact appeared to be the most important part. The regular office staff, which was usually too large to begin with, was immediately increased out of all proportion to the actual work required. I am not referring to coolie labor; but to what may be termed "White Collar Jobs." As an instance I may mention that, on the Han River dyke repairs, some years ago, the writer was informed when visiting the work that there were 50 Engineering Students with appointments as assistants, in addition to the so-called Engineers and foremen.

The idea, of course of sending these students there to get some practical experience, was correct enough; but why put them on a salary? This should have been part of their school curriculum. Also the only work they seemed to be keen on was playing mahjong. Certainly no surveying or other work in line with their studies was observed.

In my opinion, which, as a matter of fact, may not be worth much, and is therefore presented free and gratis, "The old system of merely building more and costlier dykes, is not the correct solution."

I believe the first essential is to remove the silt and obstructions in the rivers, to allow free flow of the water, especially near the mouths. For this, of course, modern Dredges will be needed, as well as pumping barges and pipelines for pumping the silt in on the low-lying areas along the rivers.

The next step, as far as the Yangtsze is concerned, should be "Locks" on the Poyang and Tungting lakes, so as to regulate the flow from these areas. The levels of these lakes could be raised a great deal, and at comparatively low cost—when the tremendous quantities of water they would impound is considered. It is true that a great deal of rice land, now in cultivation would be inundated; but the area could be restricted to actual requirements by the construction of dykes in certain areas around the lakes, so as to minimize this damage as much as possible.

This would not only prevent excessive floods; but would also assist navigation on the Yangtsze as well as to Nanchang and Changsha.

Silt disposal at the mouth of the Yangtsze might be considered difficult? I believe, however, that this could be fairly easily overcome by filling in large shallow-water areas, both on the Woosung shore and outside of Tsungming Island.

With regards to the Han River; which at Hanyang is very restricted as to outlet. Above Anlu for miles this stream meanders over a stretch some 5 miles in width, and heavy rains therefore bring the level up rather slowly in that area. When, however, this water does start down and as the river gradually narrows until it reaches the Yangtsze, it builds up in the form of a bore, sometimes 8-ft. and 10-ft. high at Hanyang; which wrecks everything in its way.

The remedy for this, I believe, is a set of locks some miles above Anlu, where the Han narrows down to something like its width at Hanyang.

I realize, of course, that I will be criticized for suggesting such schemes; which will cost millions. In fact many more millions than China can afford now. My contention, however, is that, if she can afford to waste unlimited funds on useless Provincial Flood Prevention Bureaus in addition to an expensive Technical Advisory Staff, then she can certainly afford to make a start at real flood prevention by buying one or two modern dredges, with the necessary equipment.

An intelligent start must be made sometime, and it might surprise my Chinese friends if they would start in a small way, and gradually work up, year by year, until they have an efficient working organization as well as sufficient machinery and other equipment. No country in the world could finance such projects at one time, or attempt to put the whole Yangtsze Conservancy Scheme, whatever that may be, in hand at the same time.

It seems to me, therefore, that the thing is to start with the most essential part, which I believe is to regulate the flow at the mouth of the river.

As for financing these projects. Why not scrap all provincial bureaus and so-called flood prevention organizations of a local character and put this work under a Central Bureau directly controlled by the Central Government? All appointments to this Bureau should be absolutely non-political in character. All funds collected through special taxes, donations etc., to be controlled by the central organization; who should appoint real Engineers to the various districts, with a small inspection staff to look after the various dyke systems. Also, a small surtax could be imposed and collected by the Chinese Maritime Customs, and used exclusively for this purpose, in the same way that the Kunglingtan Tax was collected at Wanhsien and Chungking.

To reduce initial expenses, some of the Chinese Navy, which seems to dislike fighting, might be converted at reasonable cost into dredges, barges and pumping stations. This would at once constitute a great saving both as regards vessels and personnel. At least I believe they would be immensely more valuable to the country in such constructive work, than at present when they merely seem to commute between Canton and the North, as the spirit moves them.

VIKING.

Chungking, August 1, 1933.

Japanese Spread Wierd Reports of American Activities in Fukien Province

The *Nippon Dempo* news service lately spread a report that the United States was bestowing six airplanes, 15 anti-aircraft guns and 5000 rounds of ammunition on the Navy of Fukien Province, China, this allegedly being done with a view to securing to the United States rights to construct a naval base and coaling bunkers in the Bay of Tungshan, which is much closer to Formosa than the Philippine Islands.

U. S. Naval officers in Washington laughed when they heard the story. One of the officials reminded the reporters that the Washington treaty not only forbade the United States to obtain any new naval bases in the Pacific but also forbade it to fortify further in those waters.

Other reports in the Japanese papers of late have alleged that America has recently been showing particular activity in the way of inaugurating new air routes, securing concessions, selling arms, and obtaining a naval base in Fukien province, opposite to Formosa. Collating the reports received by Japanese official quarters, the Japanese papers stated that on May 18, the American fifth destroyer flotilla, composed of thirteen destroyers and a gunboat, entered Amoy, and left there on the 28th of the same month. During their stay there, there are indications, so the Japanese papers alleged, that these destroyers were engaged in landing arms destined for the 19th Route Army. On June 6 a 750,000 dollars loan contract was signed between the 19th Route Army and America for the supply of arms, the Japanese stories continued. The American gunboat *Fulton* was alleged to have landed large quantities of machine guns, aeroplanes and other arms at Anhai (on the coast northeast of Amoy). On the 8th of the same month, over 100 light machine guns of American make and many rounds of ammunition were landed from a British steamer, it was alleged.

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China, Present and Future, in the Eyes of the Japanese

(By the Review's Tokyo Correspondent)
(Translations from various Japanese publications)

NOT merely in the political domain, but also in the economic field of Japan, affairs concerning China are engaging keen attention. Views and opinions pertaining to the future of China have lately been profusely expressed through various publications, especially since toward the close of last year, in nearly every case the argument being woven into the need for the formation of an Asiatic league.

The national cry for the restoration of Sino-Japanese friendship has become louder among financial magnates of Japan since April when the British decision to abrogate the Indo-Japanese Commercial Treaty was made public.

The need for the promotion of Sino-Japanese amity, enthusiastically advocated among political leaders of the country in regard to the creation of the league of Asiatic nations, is best exemplified in the remarks made by Gen. Araki and by K. Akita, President of the House of Representatives. Gen. Araki declared in the August number of the *Gendai*, "The diplomacy of the States in Europe and America was characterized as being intimidatory. Evidences for same are numerous as in the cases of the intervention by three European nations after the Sino-Japanese War and the various recommendations and advices in connection with the Manchurian incident. This is a traditional consciousness of the White Race against the colored, and in the event of our being devoid of justice and fail to take a firm stand, the same practice may be resorted to in the future as in the past. It is now time for our nation to realize her mission and, by taking the lead of all the rest of the Orient, to frustrate the wild dream of the Whites. If, however, we remain leading an easy-going life in disregard of the mission, we shall have to see the Orient trampled down at the heels of the lawless Whites and the establishment of the real peace in the eastern Asia would thus end in a mere dream." Kiyoshi Akita states in the *Jigyo-no Nippon*, "The three Asiatic states of Japan, China, and Manchukuo should bind themselves up firm into one body and endeavor to demonstrate to the world the real merit of the Oriental Race."

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COOPERATE WITH CHINA FOR ASIA'S SAKE

China Will Reveal Naked Self When Russia and United States Make Right-about-Face

(By Eifu Moriya, M. P.—Jitsugyono Nippon)

The chaotic state of China is beyond control and its future is engrossed in gloom; while as regards her diplomatic side she has no intention to consider the Sino-Japanese direct negotiation on the Manchurian trouble, but is absorbed in using the influence of Russia and America.

Under such circumstances our China policy should be such that, while patiently sticking to the established schedule, we should use our utmost efforts toward enlightening the United States, which has sympathy with China, on our just claim.

Mr. Matsuoka's activities in Geneva must have contributed to dispersing the cloud of suspicion, but, the world is still buried under the thick mist of doubt. Continued efforts of both the Government and people, however, will eventually succeed in disclosing our just claim before the eyes of the world.

China can be likened to a monkey making a big bluff up in a big tree. If, as is likely the case, Russia and America turn away from her, the parasitic existence of the nation will disclose itself in its naked form. First, let Russia quit her support and then the United States, then in its wake there will be discovered a key to the solution of Chinese questions.

The civil turmoils in China have become so serious that it is no easy task for the Central Government to root out the evil of the communist movement. To do so, Chiang Kai-shek will have to sever relations with Soviet Russia. And on the part of the United States, it may safely be predicted that the time will come before long when she will realize the folly of fondling China blindly.

I repeat here that, besides holding fast to the established self-initiated diplomacy, we must exert our utmost toward enlightening both Russia and the United States on the righteous stand we take.

Protect China from Foreign Invasion

(By Prof. Kametaro Mitsukawa—Jitsugyono Nippon)

It is two years since Japan parted with the League. All through the period China has been tenaciously bent on regaining her lost territory by means of stubborn anti-Japanese tactics.

But all these efforts of China will bear no fruit. The eventual futility of her efforts is predicted by the fact that Manchuria was not geographically and historically a part of China, and that China might have lost Manchuria to the European hands of Russia long ago. What has prevented China from being subjected to a final division as a state by Powers is the victory of Japan in the Russo-Japanese War. China ought to have her eyes on this fact in tackling the Manchurian question.

Dr. Sun Wen insisted, though unofficially, on ceding Manchuria to Japan on the condition that she wholeheartedly came to help accomplish the revolutionary work he attempted.

Of course we cannot deny that Japan's China policy was wrong and misdirected at times, but it is, nevertheless, a pure fact that Japan is in real earnest in her desire for China's building up herself as a powerful member of Asia. Not a shadow of the idea of partitioning the territory has ever entered the mind of the Japanese. This is why she does not entertain enmity, but, on the contrary, hopes for the speedy growth of the country into a perfect State.

Upon some of her border provinces China is loosening her grip: Outer Mongolia placed under Soviet influence, Tibet and neighboring provinces under British influence; whereas her internal conditions are no less disturbed, especially owing to the predominant influence of the communist groups, which, to all appearances, act upon the instructions from Soviet Russia.

Under the existing circumstances there is no other way left open for present-day China to take than cooperation with Japan, which has always her welfare at heart. China ought to be enlightened on the advantage of joining hands with Japan in the establishment of the union of east Asiatic nations. For the realization of this aim the leading figures of the Kuomin Government must quit their hereditary attitude and introduce a radical change in its diplomatic policy.

Helping to Stabilize China

(By Ryuji Nagashima, M. P. Jigyono Nippon)

The pending Sino-Japanese questions require reconsideration on both sides. The threatening cloud hanging low between them ought to be speedily cleared away in favor of the realization of the direct negotiations and with it the promotion of economic relations between the two nations.

On the part of Japan, she is perfectly contented if only the Manchurian question is satisfactorily settled. She has no other ambition. It is the sincere wish of both Government and people of our country to see China stabilized, and they are even prepared to lend a helping hand in her efforts toward the goal. The smooth functioning of the Sino-Japanese relations is especially needed for the welfare and stabilization of our financial world. Thus, the whole of Japan is earnestly looking for prompt improvement in Sino-Japanese relations.

That the actual power sufficiently strong for the maintenance of the peace is vested in Japan has become clearer of late years. Her decided step taken in severing her connection with the League of Nations served to demonstrate that she is not in the least afraid of the League, or of Russia or the United States, because she has the strong determination to meet any turn of the situation.

To China Tibet is in the same position as is Manchuria, and if she recognizes the activities of Britain in Tibet she ought to do the same as to the movement of Japan in Manchuria. The same can be said of the British attitude in

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Mathematical Reserve Investments as at 31st July 1933.

MUNICIPAL LOANS AND DEBENTURES	
City Government of Greater Shanghai-Shanghai Rehabilitation Loan of 1932	$ 1,216,332.27
French Municipal Council—Hankow	71,255.06
Hankow 3rd. S. D. A.	226,999.24
CHINESE GOVERNMENT BONDS	
Chinese Government 2½% Surtax Treasury Notes 2nd Issue	399,730.45
Chinese Government 14th Year Bonds	80,513.63
Chinese Republic 17th Year Short Term Currency Loan	1,940,780.60
Chinese Government 18th Year Disbandment Bonds	136,647.72
19th Year Rolled Tobacco Tax Treasury Notes—3rd Issue	136,060.48
20th Year Rolled Tobacco Tax Treasury Notes—4th Issue	828,929.01
National Government 17th Year Rehabilitation Short Term Bonds	1,163,657.37
18th Year 5% Customs Revenue Treasury Notes	9,923.28
Chinese Government 20th Year Short Term Currency Loan	1,481,197.97
DEBENTURES	
Cercle Gaulois—Hankow	40,886.08
Cercle Sportif Français—Shanghai	128,700.66
China Realty Co.,	1,928,542.07
China Transport	376,923.07
Grand Hôtel de Pékin	3,401.40
Hankow Club	16,441.93
Hankow Race Club	100,000.00
International Investment Trust Co.,	403,556.62
Shanghai Telephone Co.,	1,311,292.53
Shanghai Race Club	53,174.56
Shanghai Power Co.,	1,373,076.92
Shanghai Land Investment Co.,	3,536.15
Société Hotelière du Siam	35,000.00
American Club	21,608.39
PREFERENCE SHARES	
American Asiatic Underwriters 7%	233,495.34
American Asiatic Underwriters 8%	172,113.68
Asia Realty Co., 8%	104,400.00
China Finance 8%	958,694.41
SHARES	
Asia Realty Co., "A" Shares	221,551.99
Cathy Land Co., Ltd.	185,681.84
Foncière et Immobilière de Chine	2,468,353.93
Metropolitan Land Co., "A" Shares	143,637.06
Metropolitan Land Co., "B" Shares	670,121.93
Crédit Foncier d'Extrême Orient	191,617.07
Siam Cement Co., Ltd.	29,625.00
SIAMESE 6% STERLING LOAN 1924	69,186.63
REAL ESTATE	15,140,321.68
MORTGAGES	3,257,878.47
LOANS TO BONDHOLDERS AGAINST THEIR BONDS	21,666,236.07
	$ 59,001,082.56

the League of Nations; it is unreasonable for her to pull the strings for Tibetan independence while making her standpoint clear in our disfavor regarding the Manchurian issue.

Dr. Sun Wen was anti-British. He insisted on cooperating with Japan for the establishment and enforcement of the pan-Asiatic policy; not merely was he a man of words but of action, for he lived faithfully up to this principle of his throughout his life. He was, indeed, a great figure, far-sighted and thoughtful. General Chiang Kai-shek must have Dr. Sun's teachings engraved deep in his mind, but through force of circumstances he was compelled to throw himself into the vortex of an anti-Japanese campaign.

Japan ought to have stuck fast to her principle of assisting China in her efforts to making sound development; she has done wrong in copying the British and American policy. The weak point in our diplomacy is especially manifest in her wavering attitude concerning Manchurian questions. Since the Manchurian incident in September, 1931, however, the national policy has been planted firmly on a strong basis, so that any change in the Cabinet would never introduce a shade of alteration in her attitude.

It is when both nations awake from illusion that their diplomatic relations return to normality. Unless the relations between the two nations are smoothed up, Manchuria hangs heavily upon our shoulders. There must be an able actor on either side, who can accomplish the great task of driving off the dark cloud of antagonism.

Better Feeling Between Them Is Essential

(By K. Kato, President of the Chosen Bank---Jigyono Nippon)

Needless to mention, the relations between China and Japan are so close that they form, as it were, the two sides of a sheet of paper. Naturally, it follows that the downfall of either of the two means the decay of both. For the safe survival of them both there is no other means than enhancing the Sino-Japanese amity. This undeniable fact means the exclusion of the existence of any third party between them. None but China and Japan can effectually smooth up troublesome affairs between the two nations.

That they are nations of the same race and scripts indicates that they are destined to have closely connected culture, economic relations and politics.

We do not believe Japan utilized China as a stepping stone to prevent herself from going into economic bankruptcy, but we do believe it is now a unique chance for Japan, who finds herself on the brink of economic failure, and China, who is going to be reborn, to unite for cooperation.

In looking back upon Sino-Japanese relations in recent years, I remember it was soon after the Sino-Japanese and Russo-Japanese Wars that the Chinese showed their pro-Japanese sentiment. This fact testifies to the cowardly nature of the Chinese. The latest pro-Japanese voices heard in China following Japan's victory in her Manchurian campaign, can be seen in the same light. But, whatever may be the cause, the beginning of her altered sentiment is a development favorable to both nations.

On the road to political settlement of the Sino-Japanese dispute there lie piled up obstacles, and to sweep away this hindrance the harmony of national sentiment of both nations is essential. In other words, effectual solution of political questions pending between China and Japan depends among other things on the improvement in amity which mentally binds them together. It is up to the people to see that the desired relations are promptly established.

It may be that Japan, being isolated in international politics, may in the near future find herself in extreme difficulties, but, if only she could stand up with China for the establishment of Oriental peace there would be no stronger combination throughout the world.

All Depends Upon the Advent of a Powerful Government

(By Daikichiro Tagawa, President of Meiji College---Jigyono Nippon)

A certain foreigner predicting the future of the Chinese Republic remarked as follows: "The existing warlords establish their influence in their respective localities, and gradually bring about the unification of China. She then becomes tributary to Japan in reality though not in name. Japan advances from north down to south China to place the whole territory under her control. Then the Communist party, occupies southern provinces." I found this statement of the foreigner highly interesting.

China, India, Russia and the United States may be counted among the largest countries on the globe. India is under the British reign, Russia can never be said to be enjoying good government, while the United States has, unlike the rest of the world, local governments and assemblies independent of the central Government Thus, it seems that to govern countries having a population of over one hundred million is no easy task.

I hold no small hope as to the future of the reconstruction movement of China but cannot help enterain-ing misgivings. The world has no guiding principle; if we were in the age when constitutional politics and parliamentalism were recognized as the sole basic principle for State management, we would unhesitatingly recommend them to China at this time. Russia, Germany, Italy have their own guiding principles, and moreover the drawbacks fostered up by the parliamentary policies have gradually become apparent in many points. Another source for my apprehension lies in the unavoidable trend of the foreign countries' finding their relations with China more complicated than hitherto in helping China effect the reconstruction work, in consequence of our withdrawal from the League membership.

Among foreigners there are those who insist that the governments of foreign countries must cooperate in helping accomplish China's reconstruction work, whereas in Japan many desire the creation of an Asiatic league and having everying happening within Asia solved among Asiatic nations under the leadership of Japan.

I wonder if China is really able to protect Great China (except Manchuria) intact by means of her hereditary reliance upon the League of Nations and foreign aid. In my view, what China should do is to concentrate her energy on the government in the district with Nanking as its center, and with the aid from foreign Governments establish there a sound, strong Government, showing thus an example of what a good Government is like. This is exactly what is required at present. By this I do not mean to insist on the theory of a smaller China, though the practice may eventually lead to the founding of such smaller China.

Is Cooperation With China Really Impossible?

By Toshio Shiratori, ex-Chief of the Intelligence Bureau of the Foreign Office---Diamond, June, 11)

Even my fellow officials say it may be impossible to cooperate with China; but it is nevertheless a fact that we should not leave the affairs unattended. For the future international growth of Japan nothing is more important than to politically, economically and culturally cooperate with China.

We had constantly to be engaged in diplomatic war with foreign countries, but never have we spoken ill of the Chinese. The vast area of the Chinese Continent, comprising four hundred million inhabitants, is indispensable for the future growth of the Nippon race. However strong and sound may be the foundation of Manchukuo, Japan can never stand up high in the world with the new State as a sole companion.

The ideal of the Japanese politicians has always been that the country must emancipate China from the grip of the evil hands of the Whites and place it under their own guidance. No doubt, it is detrimental to the prestige of Asia to submit the dispute, between nations of the same race and scripts, to the White man's judgment.

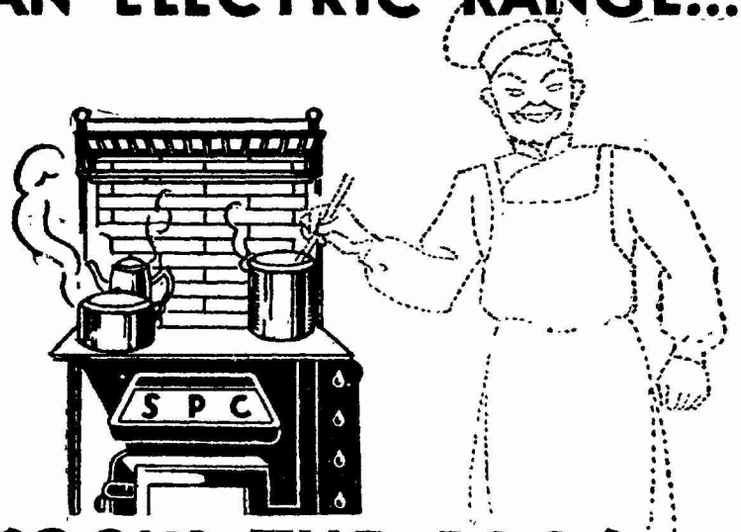
To sweep away the influence of communism must be the basic principle of our diplomatic policy. The communistic Soviet Russia's peace policy can never be trusted, for it is fundamentally incompatible with Japan's national structure. We demand the Soviet Republic to withdraw her evil hands from whole of the Far Eastern soil, especially from the territory of China.

Fortunately, China has lately become gradually awakened. The daring and strong attitude taken by Japan at the Shanghai emergency, her army's approaching Peiping across the Great Wall and her decided steps taken at the League of Nations were a surprise to the Chinese; they have realized the actual power and determination of the Japanese.

The fact that China has no strong Central Government has always been the cause for disputes. It is, therefore, imperative for Japan to come to her assistance in building up a sound Central Government as the center of influence of all China.

It is because she has relied too freely upon Britain and America with her back turned against Japan, that she finds herself now in such a miserable state. If Japan is willing to offer substantial assistance, it is easy to avert the impending ruin.

AN ELECTRIC RANGE...



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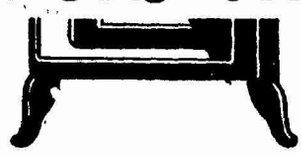

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Acting Editor of Russian Newspaper Assaulted by Aggrieved Trio

Alexander J. Veiss, acting editor of the *Shanghai Zaria*, local Russian daily, was severely beaten by three Russian youths who broke into his house in Louis Terrace, 899 Avenue Joffre, on the night of August 4. Other members of the household raised an alarm and the three assailants took to their heels. All three were later arrested and are being charged at the Shanghai District Court.

At the police station, the three youths described themselves as members of a local White Russian organization. They said they wished to "punish" the acting editor of the *Zaria*, because they were not satisfied with some news concerning their organization recently printed in the paper. Mr. Veiss was taken to the Russian Hospital where he was confined for several days.

When the Japanese, "Manchus" and Koreans Stand Up Against the White Man

Owing to the dropping of a line on page 403 of last week's issue of *The Review* in the article by our correspondent in Tokyo the sense of the second paragraph in the second column was obscured. The writer was making the argument that when the 120,000,000 of Japanese-controlled Asians stand up in perfect accord, then the White man's scheme of putting all the surface of the globe under his reign will be mercilessly frustrated. The figures to make up the 120,000,000 Asians should have been stated as 30,000,000 in Manchuria and Mongolia, 20,000,000 in Chosen and 70,000,000 in Japan Proper.

Japanese Delegation on Way to London for Cotton Parley

Possible abrogation of the existing Anglo-Japanese commercial treaty is feared by Mr. Kadono, Japanese delegate to the World Economic Conference, who, prior to his departure from London on an inspection trip to the Continent August 1, is quoted as saying that the general impression he received during recent interviews with British industrialists in Lancashire and London was decidedly not in favor of Japan.

A delegation of Japanese cotton spinners was scheduled to leave Yokohama on August 11 for England via America, to attend a conference with British cotton spinners for reaching an agreement on the marketing of cotton goods. The delegation expects to reach London on September 4.

Banff Meeting to Discuss Far Eastern Commercial Struggle

The international trade war especially as it affects the Pacific area will form an importan part of the agenda for the Institute of Pacific Relations which begins its annual meeting in Banff, Canada, next week. The tentative program calls for discussion of Japan's dumping of electrical goods in the United States and the subsequent retaliation by the American manufacturers of electrical goods. The present controversy between Japan and Great Britain regarding the tariff increases on Japanese textiles in British colonies will probably also be discussed.

Racketeering in North China

(By a Special Correspondent in Peiping)

A PREMIUM on high treason seems the only possible interpretation of the Government's recent dealings with the "irregulars." Whether China had fundamentally no choice in the matter—better, no time for a choice—or Japan has gone back on her pledge, the outcome remains the same. And that is the rise of a kind of racketeering in comparison with which the exploits of 'Al' Capone and his Chicagoan followers constitute rather mild and innocuous forms.

What makes all the difference lies in the fact that the suppression of the "irregulars," unlike that of the conventional rackets, has passed beyond the sphere of purely domestic or police administration and involved international complications.

Identified with the nefarious activities in question such names as Li Chi-chun, Chao Lei, Ho Peng, Shih Yu-san and others who have one and all suddenly come under the political limelight during the past few months. Are these men Chinese officials? Certainly not. Most of them are still under orders of arrest issued by Nanking. By what right, then, could they take upon themselves to occupy a number of districts in northern Hopei and set up a regime of lawlessness and extortion therein? Is it the sheer invincibility of their force? That cannot be. For if it were a matter of force, they would have been crushed in no time. What, after all, is it which gave them the audacity to turn traitors against their own country and government, unless it be the all patent backing by "a certain nation?"

The crux of the whole situation is right before us. There looms on one side the evil beckoning hand of an aggressive neighboring state to which nothing can be too dirty or method too mean that can in any way be instrumental in despoiling China. On the other is the readiness of a class of unprincipled, self-seeking Chinese to become the catpaws of the enemy in exchange for material gains. Put these elements together and you have the picture of Japan's wirepulling in China.

The Marionettes

The earlier acts of this marionette show must be still fresh in most people's memories. The month of terror which seized Tientsin, November, 1931; the proclamation of the puppet regime in Manchuria, March, 1932; the ill-starred seditious movement of Hu Li-fu in Chapei after the conclusion of the Shanghai Armistice; the threats of new outbreaks of plain-clothes men in Tientsin and Peiping a few months ago:— these were chips from the same old familiar block. To them may now be added the presence of Li Chi-chun's "irregulars" along the P.M.R. after the Tangku Truce.

It is commonplace that the fortune and prosperity of Li Chi-chun and his gang are predicated on the plight of their country. Starting with a few hundred riffraffs barely twenty months ago, Li boasted recently that he had under his banner 80,000 strong. At one time he actually appointed twelve commanders to as many divisions. These figures are of course to be heavily discounted. They are significant rather for indicating his ambitions than for fixing his real strength, which in all probability cannot exceed 10,000.

Even this number is a source of nightmare to the Chinese authorities. They enabled Li to rule from Tongshan as many districts as they could overrun and hold, superseding law and order everywhere their military arm reached and installing terrorism and oppression instead. Magistracies, local bureaux of public safety, tax-collecting and other administrative offices were treated as so many spoils to be distributed among his followers. Whether any funds extorted in these ways were ever diverted in gratitude to the Japanese war chest is a point of conjecture. But it is unthinkable that the Japanese would desist from demanding a share since it was their avowed policy to finance their military adventure in China with Chinese money.

It was plain from the outset that such a state of things could not be tolerated any longer. So when the Tangku Armistice was concluded, the Chinese authorities realized that the first and most difficult hurdle they had to clear is the disposition of this dangerous horde. Full two months of intermittent hopes and fears, of conferences and pourparlers, of endless envoys and telegrams were required to bring about a solution which is of questionable value and whose success or failure time has yet to pronounce.

Above all things the settlement is a monetary one. Patriotic motives were no appeal to men of Li Chi-chun's stamp. Likewise were force or legal proceedings impracticable under the circumstances. The key to the solution has to be found in that love of gold which is proverbial among Chinese political adventurers. After much bickering and bargaining it seems that at last Li Chi-chun agreed to be bought off with $348,000. Of this sum $300,000 were nominally earmarked as disbandment fees; $40,000 were set apart for Li's personal "reward" (presumably for the meritorious work he has done in preventing an otherwise more intolerable regime); and $8,000 made up for two months salaries Li is to get as the Commissioner of Disbandment and Reorganization. This price, preposterous in itself, is, however, considerably less than what the ex-militarist originally named, which ran to the neighborhood of $500,000.

As to personnel and titles, it was agreed that only approximately one-third of Li's men, i.e. the privileged 4000 who possess rifles, are to be reorganized and incorporated into the special peace preservation corps, the rest to be sent to Machang for repatriation to their homesteads. Of these 4000 a general patrol of 3000, and a special patrol of 1000 are to be formed, the former to be subdivided into six minor patrols of 500 each. While under this arrangement eight positions as commanding officers are to be created and filled by Li's principal henchmen, Li himself is given the title of the Commissioner of Disbandment and Reorganization with a tenure of two months. He had asked for his appointment as the Commissioner of Training and Reorganization to last for six months, a demand with which the Chinese authorities, for fear of further complications, refused to comply.

Absurd and Exorbitant Demands

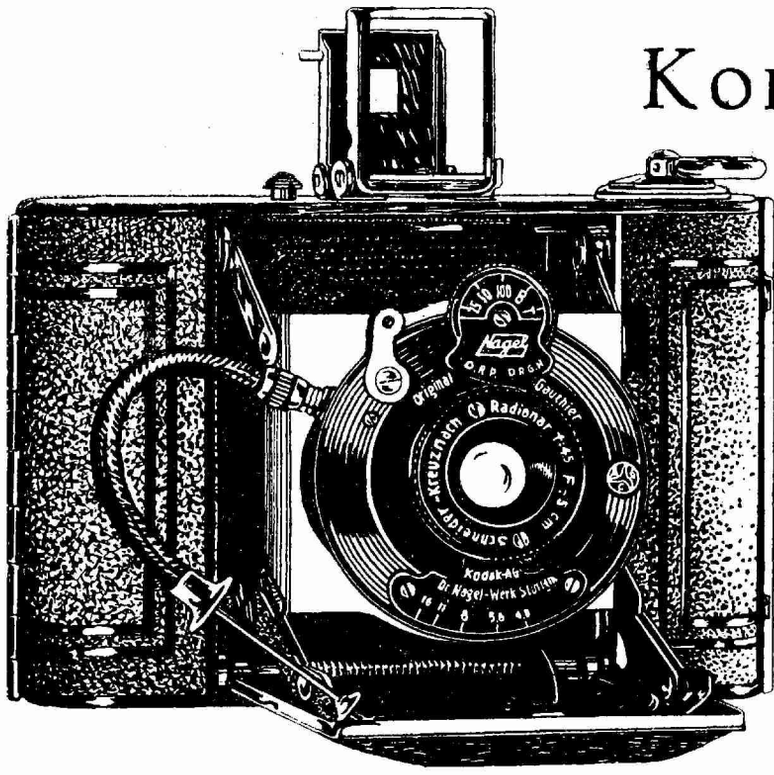
It was revealed during the negotiations—and this largely testified to by the negotiators on the Government side—that Li Chi-chun himself was not so untractable as some of his underlings. The fact seemed to be that the latter had got quite out of control of the renegade general and were putting forth absurd and exorbitant demands. Actually a dissentient movement reared its head under the aegis of two of Li's most powerful lieutenants.

One of them is Li's chief-of-staff, Cheng Yen-hou. Cheng appears to be the man who really bosses over the rank and file of the "irregulars." As a lever to exact fat terms, he has kicked up much dust in opposition to reorganization. And it was only after substantial assurances were proffered him that he stopped his agitation.

The other whose words carry much weight with Li Chi-chun is a Korean, Chin by name. He claims himself to be Li's "diplomatic agent;" is in fact the liaison officer between the general and the Japanese. What entitles Chin to gang leadership seems no better than a ten years' record of drug smuggling and trafficking in and about Shanhaikwan. Probably owing to his connection with the Japanese, his influence over Li Chi-chun is something supreme, even if compared with that exercised by Cheng. Most of the business of the renegade army has passed through his hands and appointments made by the puppet-militarist must have his approval. It is still a mystery how he ceased to hold out against coming to terms with the Chinese Government.

As far as we are given to understand, the negotiations on reorganization and incorporation of the "irregulars" have proceeded on smooth lines. With this thorny issue removed, the retrocession of the occupied area seems in all likelihood to be a matter of a few days. A return to normalcy may, then, be momentarily expected?

By no means. It cannot fail to strike anyone that the attitude of the Japanese is far from reassuring and that without their bona-fide observation of the truce terms all arrangements by the Chinese will be futile. They can be undone by the Japanese at one stroke. The "irregulars," let it be borne in mind, are and will be quartered, even after their turn-over, in the demilitarized zone laid down in the Tangku Armistice. Their numerical strength is indeed appreciably curtailed. On the other hand, since not a single rifle has been taken from them, the disbandment of the unarmed and, possibly, the old and weak is a welcome measure of trimming for efficiency at the expenses of the Chinese Government. As



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a force, therefore, they are hardly weakened at all. What chance is there that this band of rowdies, so blind to patriotic notions and national interests, can be held in check by the meager police force sent out directly by the Chinese Government? What guarantee is there that by reorganizing and incorporating them into the peace preservation corps the Chinese authorities really acquire control over them? For one thing their superior officers are not changed or superseded. The army remains the same, though smaller and for that matter a more compact and powerful unit. Then again there haunts their patron saint, the Kwantung Army, in the background. Its presence on the P.M.R., insuring thereby an open road from Manchuria whose surplus bandits may be conveniently dumped over this side of the Wall, points unmistakably to one malicious intent—the creation in the Luan valley of an opening wedge into China Proper. Therefore the report from Tokyo that Japan will continue to station troops along the P.M.R. by virtue of the 1901 Protocol did not come to us as a surprise, especially as the failure of the World Economic Conference places Japan face to face with intensified economic nationalism everywhere and the League co-operation with China has driven Japan mad with jealousy and suspicion.

Compromise Gets a Boom

Thus far the business of compromising one's own country is given a boom. It shows that one of the ways to make quick and easy money is to hobnob with the bully of the Far East, force into some strategic point with the aid of his bayonet, and then state terms. Out of such proceedings the undertaker is sure to make a name for himself and amass a handsome fortune besides. Behold Li Chi-chun, of late one of the most talked-of men, now high up in the pay roll of the Chinese Government. His is truly an enviable position. Hence the mush-room growth of armies of "irregulars" under Chao Lei and Shih Yu-san, who follow in the main the footsteps of Li and for that reason need not occupy our attention for the time being.

One more episode and I have done. The recent abduction and release of Hoh Peng are significant straws to indicate which way the political wind is blowing. Hoh had been on the staff of the provincial government of Hopei, turned renegade at the high-tide of Japanese intrusion, and was put under arrest for his treason. Early in the morning of July 6 he was abducted by his disaffected followers from his residence in the Japanese Concession at Tientsin to the First Army Headquarters of General Yu Hsueh-chung and held there pending trial on a felony charge. General Yu had a personal interest in seeing that justice was upheld, as Hoh had been his subordinate in the Hopei Provincial Government. And he instantly wired Nanking for instructions regarding the handling of the case.

At this stage in butted the Japanese Consul at Tientsin who claimed that the abduction of Hoh was an act in violation of the extra-territorial immunity of the concession by the Chinese police, and demanded that the renegade be handed over to him. The untenableness of the consul's argument was only too evident, since no Chinese policeman ever set his feet in the concession to effect Hoh's arrest, which, happening in the manner it did, was mere surrender. General Yu was therefore doing the only right thing when he flatly turned down the demand. But reasoning is immaterial. Later events showed that the consul had the substance, though not the logic, of the case on his side.

On July 13 the public of Tientsin and Peiping was given a shock to learn that Hoh had been released on July 11 on an order issued by the Political Adjustment Council of which General Huang Fu is the chairman. The decision to set free this arch-enemy to peace and order was reached presumably because it was considered that it would make matters smooth and easy for the reorganization of the "irregulars" then under negotiation. So far so good. But Nanking should have been acquainted with the situation beforehand and thus saved from the farce of sending out instructions, some time after Hoh's release, ordering his severe punishment according to law! Strange things do happen nowadays.

One wonders, as one looks back on developments after the armistice, whether they represent a passing

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The French Occupation of the Nine-Islands in the South China Sea

BY C. Y. W. MENG (孟長泳)

IN an article dealing with "Whither Yunnan—A Second Manchuria?" which appeared in the *The Review*, July 15, the writer of the article has the following to say:

> "It is interesting, significant and important to notice that since the Japanese invasion and occupation of the Chinese Eastern Provinces (Manchuria) and Jehol and their military activities in North China, there has been a tremendous change of the Chinese attitude towards foreigners. The Chinese 'suspicion and apprehension' of a foreign invasion, another 'scramble of concessions, struggle for the balance of power in the Far East, 'dismemberment' of China,' etc., which once took place or threatened to take place at the end of the 19th century, have been revived....."

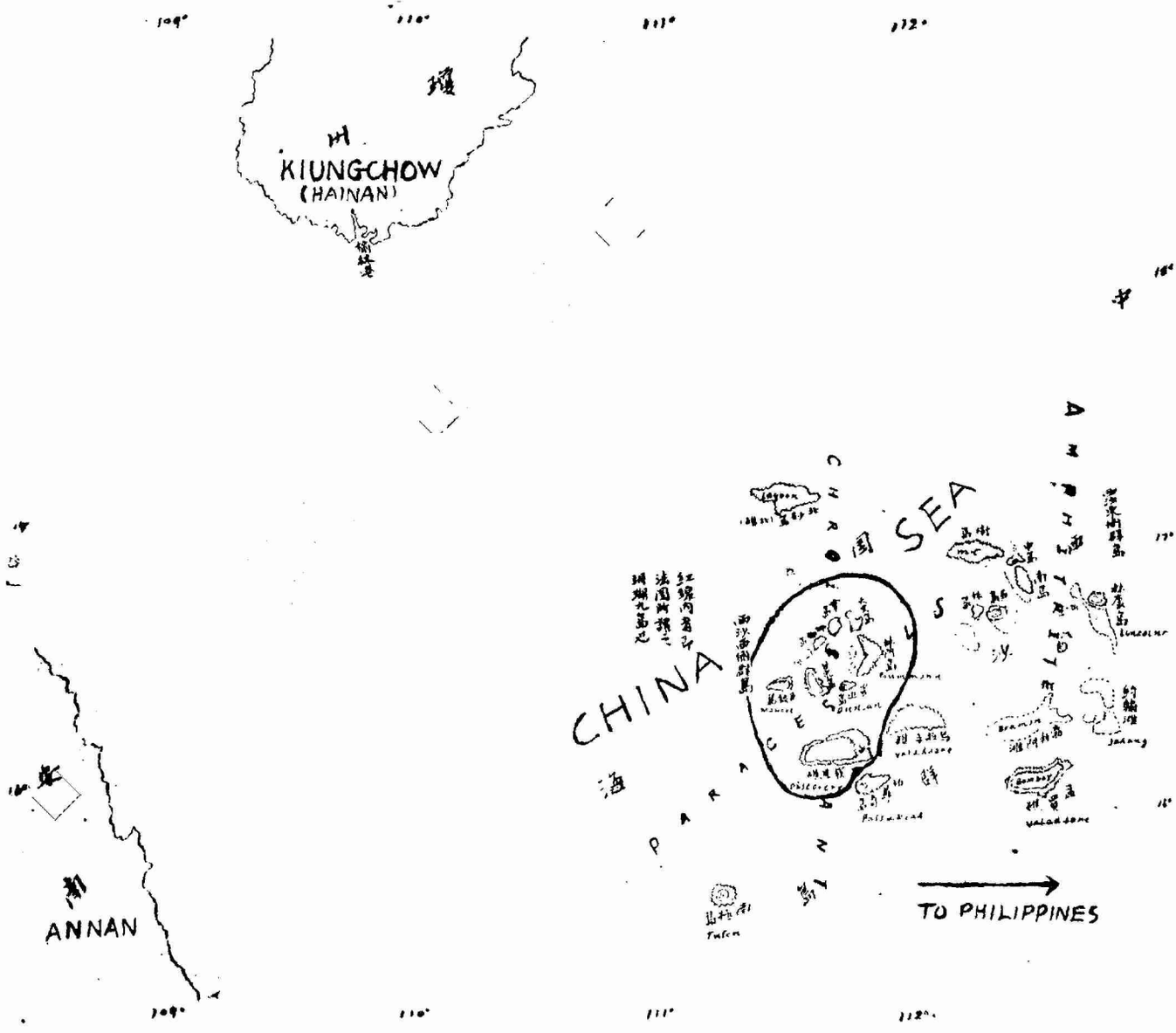
The French invasion and occupation of the Nine-Islands in the South China Sea indicate that the Chinese suspicion and apprehnsion are well founded.

Occupation Officially Confirmed

When the news of the occupation of the Islands was first reported it met with the usual denial from Mr. Wilden, the French Minister to China. When the occupation was officially confirmed, of course, it met with the usual statement in form of "explanation" or "assurance" from the French Government that the taking over of the group of Nine-Islands in the South China Sea was accompanied with "no imperialism" and that it was for the improvement of hydrographic work and organization of a system of navigation lights in a very dangerous region, etc.

"Gross Negligence of Duties" of the Chinese

As regards the Chinese, the first statement from the Ministry of Foreign Affairs was that "they are waiting for the official report from the authorities;" "they are going to make an investigation of the affair;" "the Ministry of Foreign Affairs is arranging with other Ministries for a joint investigation," etc. That is to say, pending the report and investigation, no action could be taken. This time, the Ministry of Foreign Affairs, in addition to the usual statements, has somewhat surprised us by the unusual statement that the National Government is going to send Chinese "gunboats" to the spot to investigate the affair. But whether the statement is to be carried out or only remains on paper is hard to say at present. But apparently, the sending out of gunboats to the spot for investigation purposes, under present



The nine islands recently occupied by France are shown within the circle in the above map of the China Seas, lying east of French Indo-China.

circumstances, is not altogether without difficulties. The French gunboats are already there. When the Chinese gunboats reach there, the French gunboat will fire salutes first. According to international usage it is the "host" who should fire salutes first, not the "guests." So the Chinese are likely to be very much embarrassed by the circumstances. But what surprises us the most is that although the occupation took place in the middle of April, the Chinese consulates in the Philippine Islands and nearby places sent no urgent wires to report the incident to the Ministry of Foreign Affairs, and the Ministry seemed to be completely ignorant of the affair until it was first reported by foreign news agencies in Paris, London and Manila. As far as we are informed, the Chinese consulate in the Philippine Islands will send in its report in "about three weeks" from now (August 3.) That is, the first report on the affair will come to Nanking at the end of August.

This is another instance to show that the Chinese are not mindful enough of the frontier territories and problems, and that they do not take action in advance to prevent the occurrence of the events, but know only to lodge protests when things have already become an "accomplished fact." To be sure, it is far easier to stop the French from coming to the islands than driving them out when they are already in occupation of the islands.

Japanese Claim Over the Islands

But Japan is never late in laying figures on any territory which is near to her empire. According to the Japanese conception, these tiny islands were first discovered by Mr. Hirata in 1917. Mr. Hirata came to Tokyo a short time ago with documents supporting his claim. He was quoted to have said that he had found the islands in question in 1917 and notified the Governors of Hongkong and Indo-China through Mr. Shimamura of the Formosan Government in the following year, claiming possession. It is stated that both Governors replied that the islands did not belong to any state. According to Mr. Hirata he invested over a million yen in the islands before he withdrew three years ago. The Japanese further claim that Mr. Hirata possessed a phosphorus mine and named these islands "Hirata Islands." The Naval Office believes that the French occupation will be of great importance from a military viewpoint, etc.

Thus, we see how this issue has been developed into a Sino-Franco-Japanese dispute.

These Islands Exclusively Chinese Territory—Proved

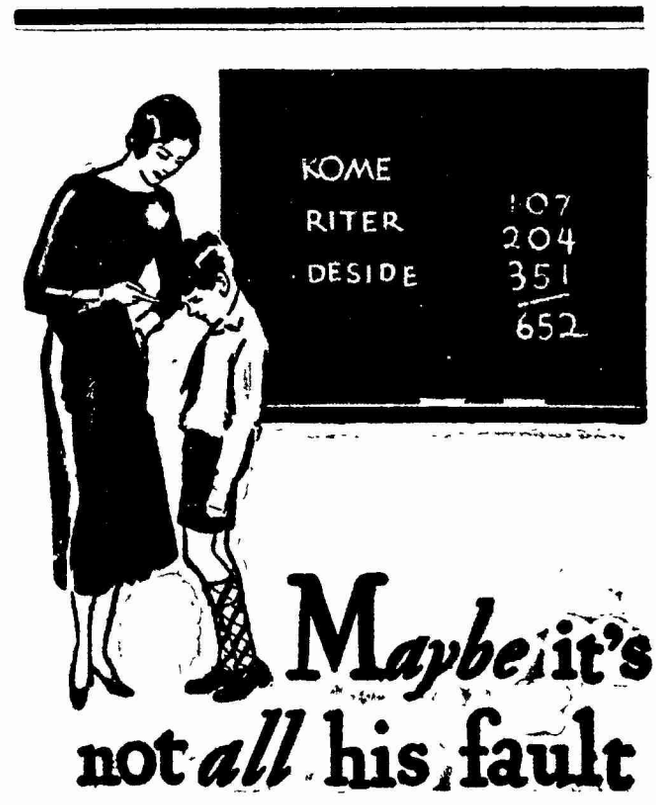
In order to understand the situation better, the writer of this article spent a few days interviewing southern people who are authorities on affairs in South China and who happen to be now in the Capital. The writer interviewed people from Hainan Island (海南島), 145 li (about 50 miles) from these islands.

A native of Kiungchow (瓊州), the capital city of Hainan Island, who is 70 years of age, a retired merchant and a man of strong personality, said that during the end of the Ming Dynasty, when Cheng Chen Kang (鄭成功) failed in his rebellion in South China in his opposition against the Manchu Dynasty in his attempt to restore the Ming Dynasty, in his escape he crossed the sea, and he accidentally reached these islands. He was the "pioneer discoverer" of these islands, this old man emphatically declared. During the Manchu Dynasty officials were appointed to control the islands. The people who went there were mostly fishermen. They brought their foods along with them from Kiungchow. "The sea products in the islands are very rich, so they attracted many fishermen. Besides, after the fishing season is over, the fishermen could bring back birds' ordure, which lies 10 feet deep in the islands. In the Republican period, these islands were put under the control of Kiung-An Hsien (瓊崖縣) under Kiungchowfu (瓊州府). The general name of these islands is "Paracels." (西沙羣島) The eastern group of these islands are known as "Amphitrite" the western as "Chroisant" (see map), and it is the western group which was invaded and occupied by the French gunboats. The eastern parts of these islands, according to this Hainan Island resident, are comparatively rich in sea products, and several hundred people stayed there.

Japanese Claim Over the Islands Dismissed

Interviewed by the writer as to the Japanese claim over these islands, another old gentleman, a native of the Hainan Island, said that in the year 1921 the director of a certain monopoly bureau in Formosa, by utilizing the Chinese traitor, named Ho Tuan-nien (何瑞年) opened a company know as the "Chroisant Industrial Company"

(*Continued on page 461*)



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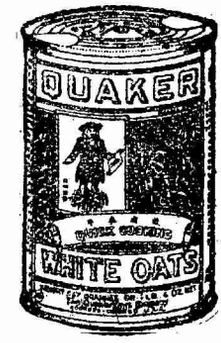

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Can China Be Unified By Reconstruction?

BY PAUL K. WHANG (汪 仲 芳)

IN old Chinese classics, we have found many passages denouncing the use of armed force in conquering the people. Confucius, in his teachings, was especially outspoken in making such assertions. He contended that a king could by no means conquer the people by force of arms alone and he must win their hearts by his virtuous and good deeds. He also said that when a king lost the confidence of the people, he could not enforce peace and unification of the country by armed force. In making such assertions, the Sage of China had probably two objects in view. First, he intended to warn the warlords of his time and also of the later generations of the futility of dreaming of unification of the country through military conquest. And secondly, he advised the head of the government that in order to keep his throne he must win the favor of the people by establishing a good and honest government.

Confucius' belief was shared by many of the far-sighted statesmen of the later generations. Thus in subjugating their enemies, they did not merely attempt to win victories on the battlefield, but also looked after the means to conquer their hearts. Chu-Ko Liang, the famous statesman of the Three Kingdoms, A. D. 122-265, furnishes us a very good illustration. According to the history, he launched altogether seven military campaigns against Meng Woh, a redoubtable leader of a semi-civilized tribe. For the first six times, Chu-Ko Liang managed to have him defeated and captured. Each time, upon finding that his enemy refused to surrender, he, instead of killing him, set him free. Not until the seventh time, Meng Woh, after his capture, surrendered himself voluntarily and wholeheartedly, and promised that during his lifetime he would not dare to revolt again. This historical instance amply illustrates how far a far-sighted statesman would go in winning the heart of his enemy.

Hearts Not Won by Force

In this age of militarism when might is right, it sounds unbelievable that a ruler of the country should forsake force of arms and resort to some means calculating to win the heart of the people. But our history offers us many instances indicating the futility of a king trying to keep his throne intact by means of military force in face of popular dissatisfaction. During the closing days of the Manchu dynasty, the government, because of its maladministration, incurred the wrath of the people and could not stem the rising tide of the revolutionary movement. As a result, Henry Pu-Yi had to abdicate himself. Yuan Shu-kai is another example for our illustration. He tried vainly to conquer the country by armed force and to carry out his monarchical dream, but died without having his dream realized, when he found that he was opposed by the whole country.

Wang Ching-wei, President of the Executive Yuan, in a recent article on "How to Solve the Problems of the Day," advocated that we could not unify our country by armed force but by political and economic reconstructions. He said, "Force as a means of achieving unification is a most insecure measure; the more we attempt to unify by force, the more disintegrated will the country become, and the more shall we find it impossible to achieve unification. On the other hand, if we seek unification through reconstruction, the material as well as spiritual relation between the various parts of the country will become closer day by day, and a force against disintegration will be naturally created."

The Leftist Leader is not the first one who has discovered the futility of resorting to armed force in conquering the country, because last year T. V. Soong, Minister of Finance, on the problem of Communism, declared that we could only eradicate the communistic menace by political and economic readjustments. Therefore Mr. Wang's idea represents nothing new to us, and to a certain extent we must concur in what he says. Since unification can be only achieved by reconstruction, we must ask ourselves if any reconstruction works can be carried out throughout the country under the present very chaotic conditions.

Of the works of political reconstruction, the disbandment of superfluous soldiers is probably the most important one. Since the establishment of the Nanking government, a conference was once called among the military leaders to discuss ways and means of disbanding the superfluous soldiers. But after many sessions, no one military leader would agree to cut down the number of his own personal army, and the conference was broken up with much hatred and suspicion among the participants. Therefore are we so naive as to believe that the present Nanking government is in so strong a position that it can enforce its orders throughout the country? Without entertaining any false hope, we dare say that any order given out by the Nanking government purporting to cut down the military strength of each military leader will be either totally ignored or openly defied.

The transfer of civil power from the military leaders to the civilian officers is another much needed political reform. For years, the Kuomintang Party has cried that the provincial governments should be headed by civilian officers. But up to the present time, even of the provinces under the control of the Nanking government, the civil governors are still military men. While the Nanking government can not effect this reform in its own territories, how can we expect that it can introduce it to the provinces which are more or less independent?

Let us now turn our attention to the works of economic reconstruction. By all means, one of the most urgent works is to unify the tax system. Of all the provinces in China, we have been told that only seven provincial authorities have remitted to the Central government the proceeds from different taxes, while the other provinces have never bothered themselves even to submit a report to account for their respective revenue and expenditure. Each provincial authority has its own tax system, and exacts as much money from the people as he can get in supporting his personal army. The Ministry of Finance has left no stone unturned to unify the tax system, and its efforts have never been repaid with success. Therefore if the Nanking government issues an order to unify the tax system, will this be obeyed throughout the country?

Therefore I am highly sceptical if the Nanking government can initiate and carry out any reconstruction works throughout the country without first resorting to arms. As a matter of fact, the situation has come to such a pass that the Nanking government must first remove all the defiant military leaders before any economic and political reconstructions can be effected.

Government Must Have Support of the People

Furthermore, we must say that the Nanking government can not achieve real unification of the country without first winning the wholehearted support of the people. The success of the Nationalist movement, it must be said, was largely due to public support; but since the establishment of the Nanking government, its omissions and commissions have very much cooled down the public enthusiasm and incurred bitter enmity even among the most ardent supporters. The despotic rule of the Tangpu has especially been a cause of complaint among the people. In spite of the cries of "instituting a clean and honest government," the governments, central and provincial, have been featured with corruption and nepotism. The loss of Manchuria and Jehol has also dealt a deadly blow to the prestige of the Nanking government.

Under these circumstances, it can be well imagined why the people have lost their confidence in the Kuomintang regime and looked for some means of salvation from somewhere else. This accounts for the prevalence of communistic activities and also the reason why the political opponents of the Nanking government have gathered a large following among the dissatisfied populace.

The Nanking government can not achieve a real unification of the country by either armed force or reconstruction. To that end, it must thoroughly reorganize itself with the object of winning back the support of the people which it once enjoyed. As Confucius said, no government can survive long without popular support. Once the government enjoys the popular support, its political enemies no longer have any chance to play up the people against the government, and the government can also rely upon the popular support to eliminate all the defiant military leaders. The democratic government owes its existence to the consent of the governed. Since China is known as a Republic, the Chinese government, therefore, must abide by the wish of the people.

Shanghai, August 6, 1933.

RACKETEERING IN NORTH CHINA

(Continued from page 455)

phase in Far Eastern politics or they are preludes to another Manchurian folly. Without undue alarmism it may be said that the latter interpretation seems more in keeping with events. There glares Japan's desire to turn the P.M.R. into another S.M.R., to station troops along it by invoking the 1901 Protocol, and to encroach upon China's administrative integrity by intervention in the Hoh Peng case. Topping all these comes the presumptuous "hands off" warning from Tokyo that Japan has "inviolable interests" in regions north of the Yellow River. With these factors in mind the impression is inevitable that the recent rumblings over the reorganization and incorporation of the "irregulars" are vain beating about the bush and that the racketeering of these worst elements, far from abating, receives a new lease of life from the rich premium now put on acts of high treason.

Peiping, August 3, 1933.

Motor Cars, Tobacco and Oil, Principal U.S. Imports into Manchuria

An estimate made by a competent closerver shows the following figures of imports into Manchuria during the first five months (January-May) 1933, with the share of the United States therein.

Tobacco leaf....	M$5,800,000	——largely from U. S.
Motor vehicles..	3,100,000	——largely American cars assembled in Japan
Gasoline	3,700,000	——probably half from U. S.
Kerosene	3,000,000	——probably half from U. S.
Oil	1,500,000	——probably half from U. S.
Flour	33,000,000	——not more than 3% from U. S.
Steel bars, rails and sheets..	5,100,000	——small percentage from U. S.
Machinery	3,000,000	——small percentage from U. S.

A considerable portion of the motor cars and petroleum products have been for the use of the Japanese and Manchukuo army but, generally speaking it would not be correct to ascribe the increase in the imports of American goods as a demand for war materials.

B.A.T. Factory Employees Appeal to Chinese Municipality

The workers of the British-American Tobacco factories in Pootung (opposite Shanghai) submitted a petition to the Municipal Government of Greater Shanghai August 4 appealing for assistance on the ground that the B. A. T. factories are not complying with the stipulations provided by the Chinese Labor Law; and that the Company has not yet paid the wages due to the workers during the strike period; the that the Company has not yet opened schools for the children of the workers as promised.

Alleged Woman Bandit Under Examination in Soochow

Preliminary examination of Mrs. Ho, alias Wang Pa-mei, who was charged with the looting of Kanpu, a small village near Haiyen, Chekiang, and the killing of Lieut. Wang Yu-san, head of the Communications Corps of the 19th Route Army, near Soochow during last year's Sino-Japanese hostilities, opened in the Bandit Suppression Headquarters in Soochow last week. The accused denied all charges, and the case was remanded. The accused was arrested in Shanghai.

Norway Discriminates Against Chinese

According to information from diplomatic sources, the Norwegian Government is planning to deport Chinese nationals from that country under the pretext that the period of residence allowed them has expired. The Foreign Office at Nanking has ordered the Chinese Legation at Oslo to make a strong protest to the Norwegian Government and, should the protest fail to achieve any result, the Chinese Government will take appropriate retaliatory measures against the Norwegians in this country.

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Manchukuo Invokes Crushing Press-Law

(From The Review's Correspondent at Changchun)

A biography of a "cub" reporter seems to be a matter of grave import, so grave as to be known to the Home Minister himself. So says at least the Manchukuo Press Law recently published in the *Official Gazette* of the Changchun Government. The editors will refuse to believe that, if they were in Manchukuo and wished, say, to employ a reporter, or, simply, a hand in the printing establishment, they should be compelled by the law of the land to ask for permission of the Home Ministry of the Changchun Government, submitting a biography of the would-be employee and stating the reason necessitating his hiring. This is not a joke— it is a law, the violation of which will surely lead the unfortunate editor and his boss—the publisher—both of them, to hard labor in penitentiary, besides a heavy fine. The last part will probably dissuade American or European editors from coming to Manchukuo and taking chances in the publishing business. Considering that the law should come down in the history of the press as something worth remembering, I took pains to translate it into English. Now let the law speak for itself.

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Decree No. 103

Art. 3. Persons who come under the purview of this law are publishers, authors, editors and printers. No person is allowed to perform additional functions but those of his own.

Art. 4. No publication is permitted of the subjects—(a) advocating the overthrow of the State regime or inimical thereto, (b) relating to secret diplomatic or military affairs, (c) likely to abet crime or persons being prosecuted by criminal law, (d) relating to court procedures deliberated behind closed doors, (e) likely to disturb public peace or order, or harmful to the activities of financial circles, (f) subjects suppressed from publication by the police or juridical authorities, and (g) subjects inimical to public morals.

Art. 5. No publication is allowed of the subjects relating to the secret government measures or the resolutions adopted at closed conferences. In each case the permission of the government institution concerned is to be sought and obtained.

Art. 6. The Ministers of Home, Foreign or Military Affairs may suppress from publication any information deemed harmful for public peace of State policies and may issue orders to that effect either for the suppression altogether or during some specific period of time.

Art. 8. Regulations relating to the functions of contributors, as set forth in the present law, are to apply to: temporary contributors, actual contributors, persons who sign the published material, and persons who publish corrections to the previously published material. The rules about publishers, as set forth in this law, relate also to the temporary publishers.

Art. 9. The prospective publisher, prior to starting his enterprise (i.e. newspaper, magazine, map or book) has to file with the Ministry of Home Affairs an application, collectively signed by himself and all prospective contributors, and enclosing a detailed biography of each person signing the application. The application should have a clear statement about the name of the publication, character of subjects to be covered, especially whether the publication will cover the present day events, time of publication. In the application the nationality, address, full name, the date of birth of the publisher, printer and every compiler (author) should be clearly stated. The printing establishment must be located within Manchukuo territory.

Art. 10. When the business is transferred from one publisher to another, the new one has to file with the Ministry of Home Affairs the same application, also signed by the old publisher, explaining specifically the reasons necessitating the change of ownership of the publication.

Art. 11. When inviting a new contributor, the publisher has to ask the permission of the Home Ministry, submitting a detailed biography of each contributor, which must be done within ten days after the death or the dismissal of the contributor. The temporary contributor may work with the publication for two months only. When submitting the biographies, the publisher has to explain to the Ministry the reasons necessitating the invitation of new contributors.

Art. 15. Within ten days after taking over the business, the publisher has to submit to the Ministry a list of all his employees, stating therein the name, date and place of birth, present address, previous connection with publications and present duties in the establishment of each and every employee. In case of changes in the list, the Ministry should be notified by special report.

Art. 16. Every publication should have the names of the publisher, contributors and the printing establishment printed in a conspicuous place, besides the date of the publication. The name and the address of the printing establishment should be also given.

Art. 17. Before each issue, the newspaper editor has to submit to the Police Department of the Ministry of Home Affairs two copies of each issue and also a copy to the local police office and another one to the procurator's office. The magazine editor has to submit to said institutions the same number of issues but three days ahead of the magazine's appearance for distribution and sale.

Art. 20. In case the newspaper or the magazine is being published outside the territory in which this law applies and if the *entrepreneur* desires to circulate them within the territory wherein this law applies, he has to file an application to the same effect with the Ministry of Home Affairs. In case of the absence of the *entrepreneur*, the same procedure should be undertaken and carried through by the publisher himself. The application should clearly state the name of the publication and its address, the names and addresses of the publishers and contributors, whether the publication covers the present day events, whether it is daily, weekly or monthly, ports of entry and the route it takes within the country, the territory of intended circulation, the selling agents' names, their addresses, dates of their birth and occupation.

Art. 21. Prior to the importation for sales or distribution of newspapers and magazines, the publishers thereof have to submit, through the medium of their sales agents in Manchukuo, a copy of each issue to the nearest police office and also a copy to the procurator's office. The Police Department of the Home Office should have two copies of each and every issue.

Art. 23. Every publication, irrespective of whether it is a newspaper, magazine, book or map, should have the name and the address of the publisher, the author and the printing establishment, clearly printed on the last page thereof.

Art. 24. The two foregoing articles do not apply to private correspondence, catalogues, announcements and other business papers and documents.

Art. 25. For the publication of political manifestoes the permission of the Ministry of Home Affairs should first be secured through a joint application therefor of all the publishers.

Art. 26. Any publication, deemed by the Home Minister subject to suppression, may be barred from circulation either by outright confiscation of all the copies thereof or types used therefor.

Art. 27. In case such a publication is being printed abroad, or outside the territory wherein this law applies, the Home Minister may at any time suppress the said publication from sale and circulation, barring their importation or confiscating all their copies.

Art. 28. The local police may confiscate any publication—(1) if it is being published and circulated despite the previous ban, (2) or despite the previous ban from entry into the country, or (3) is being published without a proper permission.

Art. 32. For the violation of Article 4 of this law the publisher or the compiler shall be sentenced to six months hard labor.

Art. 33. For the violation of Clause (e) of Art. 4, relating to the publication of subjects inimical to the existence of the State regime, the printer shall be sentenced to six months hard labor.

Art. 40. Persons who import newspapers and magazines from abroad and have no proper permission therefor shall be fined up to 100 dollars.

Art. 43. Persons who import prohibited publications from abroad (see Art. 27) shall be sentenced to hard labor for a period not exceeding a year.

Art. 45. Publishers of newspapers and magazines already in existence at the time of enforcement of this law and also distributors of same in the territory of Manchukuo are to perform all the formalities required by this law within two months, as from date.

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It is needless to enlarge upon the particulars of this law, but I can not help stating for the benefit of publishers of all newspapers and magazines imported into Manchuria that, as required by this law, they will have to go through all the formalities mentioned above lest their publications should be banned from entry into Manchuria altogether. This equally refers to all publications, irrespective of the country of origin—there is no exception whatever.

Changchun, August 6, 1933.

THE FRENCH OCCUPATION OF THE NINE-ISLANDS IN THE SOUTH CHINA SEA

(*Continued from page 457*)

(西沙羣島實業公司) to exploit the mines, forestry, fisheries, etc., in these islands. The company applied to the Kiung-An Hsien Government for a permit. As a matter of fact, this company is really the sub-organization of the Japanese South Industrial Company (南興實業公司). Owing to the Chinese opposition, the permit was withdrawn in 1927. "Since then no Japanese ever goes there," this informant stated.

Another native of the Hainan Islands who was interviewed by the writer further said that prior to the organization of the so-called "Chroisant Industrial Company" by the Japanese, the Japanese fishing boats usually went to the islands in the fishing season. As this is certainly a violation of China's fishery rights, the Chinese authorities protested. As a result the Japanese stopped fishing for a while. "If the Japanese do not acknowledge the Chinese sovereignty over the islands, why should they apply for a permit from the Chinese authorities; and why should they be willing to stop fishing when the Chinese protested?" So he said that the Japanese claim over these islands may be dismissed at once.

Legal Aspect of the Issue

From our investigations and studies, we know that the Chinese discovered the Paracels islands many centuries ago before the West knew any thing about the East; and that the Chinese had settled down there since then; and that the communications between these islands and the mainland have been going on uninterruptedly. So by virtue of "prescription and occupation" in "international law, the Chinese are the legitimate owners of these islands, and such ownership is indeed incontestable." Neither the French nor Japanese can challenge the Chinese ownership and sovereignty over these tiny islands.

Nanking, August 6, 1933.

Executive Yuan Rules Foreigners May Not Own Land in Interior

With the exception of foreign religious missions, no foreign nationals or corporations may lease land in the interior of the country, according to a ruling set forth in a recent circular Order issued by the Executive Yuan to the various Provincial and Municipal Governments. The Order points out that, according to the provisions of the existing treaties as well as the regulations governing the lease of land and buildings in the interior by foreign missions, only missions have the right of leasing real estate in the interior of the country; while no foreigners—not excepting the missions—may acquire right of ownership over such real etate. According to reports from various parts of the country, Chinese landowners, apparently unaware of this ruling, have either granted leases of land to foreigners other than missions or even transferred titles over real estate to foreigners. Although there is at present no law providing for the punishment of such delinquent landowners, the Order declares the local Authorities must take appropriate action in such cases.

Vickers Man Expelled from Turkey---No Reason Given

T. E. Lander, British representative of the Metropolitan Armstrong Vickers Company, was expelled from Turkey beginning of August, within a few days after returning to Turkey from London. On arriving in Sofia, Bulgaria, Mr. Lander, denied any suggestion of espionage, and expressed indignation that the reason for his expulsion was not disclosed. Relating the story of his arrest, Mr. Lander said that on arrival at Ankara he was ordered to return by the next train to Istanbul, where a photograph of him and his finger prints were taken. He was not allowed to leave the police station, where the police examined his passport and asked him where he would like to go. Until then he had no idea of being expelled from the country. The police subsequently obtained a Bulgarian visa for him and uniformed policemen travelled with him to the Bulgarian frontier. The British Consul in the Turkish capital tried to secure a postponement of the deportation order, but to no avail.

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Through tickets are issued and passenger's baggage registered through between the important stations on the Peping-Liaoning Railway and the South Manchuria, Chosen (Korean) and Imperial Japanese Government Railways. At Peiping connections can be made with the Peping-Hankow Railway and with the Peping-Suiyuan Railway and at Tientsin connections can be made with the Tientsin-Pukow Railway, for Tsinanfu, Nanking and Shanghai.

For information as to rates, schedules, accommodations, etc. apply to any Tourist Bureau, or communicate directly with the Superintendent of Transportation.

IMPORTANT NOTICE

Owing to the Japanese occupation of Manchuria, tickets are only sold to Shanhaikwan where the Peping-Liaoning Railway crosses the Great Wall. The Chinese Government Railways assume no responsibility for transportation or safety of passengers beyond Shanhaikwan.

Peping-Liaoning Railway

Head Office

TIENTSIN

An Advertisement of the Chinese Government Railways

No. 2

65-505

Japanese Adopt Cautious Attitude on Island Occupation

Commenting on reports from Tokyo that the Japanese government was planning to protest against the French occupation of nine small islands in the South China Sea, *Le Temps* writes that the occupation "was a continuation of operations begun in 1930 but uncompleted. The islands in question are located in Indo-China waters along the direct route between Cochin China and New Caledonia. The Washington Conference did not ban an occupation requiring the joint participation of military and civil administrative authorities of a state. The French government has fulfilled these conditions and attached the islands to the administration of Indo-China. Prior individual visits or establishment of private enterprises do not constitute occupation in terms of international law."

The Japanese Foreign Office continues to study data gathered from various sources in regard to the occupation of these islands. A Tokyo message states that in the light of past historical facts it is clear that as early as 1918 a Japanese company named the Lassa Phosphate Company had enterprises in Atauba, Thitu, Amboine and other islands. The Lassa Rock Phosphate Mining Company, a Japanese corporation, August 4, issued a lengthy statement explaining the discovery of the islands lying between Indo-China and the Philippines, which have recently been occupied by France. The Company says that a vessel chartered by it cruising in the region of the islands now occupied by France first discovered a group of uninhabited islands as long ago as 1918 and upon the return of the vessel the company filed a claim for operating rock phosphate mining in the Tokyo District Court. The company subsequently sent engineers and miners to engage in mining rock phosphate in the islands but was forced to abandon the operations owing to world-wide depression then prevailing.

Though the Japanese Government has not yet reached its final decision whether to claim its rights to the islands, the French Government so far has received no reply from the Japanese Government regarding the recent occupation of these islands by the French Navy. *Reuter* believes that any eventual Note that Japan may send to Paris will be simply a request for information, and not a protest.

A *Central Press* message from Canton, July 28, stated that high officials of the Southwest are surprised and shocked to learn of the French occupation of the Coral Island which were forcibly occupied by French marines and bluejackets on April 7 and completed on April 12. According to the Cantonese newspapers the Chinese government has long recognized these islands as Chinese possessions, as they are included in the map of China and are the homes of Chinese fishermen, who regard the islands as Chinese territory. Chinese press reports stated that following the French occupation the Chinese fishermen were ejected from the islands.

High officials of the Southwest are paying great attention to the claim of France to occupy these islands. Interviewed by the vernacular press, Hsiao Fu-chen, leader of the Kuomintang Southwest Executive Committee, said that the Kwang-liang Provincial Government has been instructed to file a protest to the French autherities, taking the position that these islands in fact belong to China.

A deputation from the Association of Hainan Island residents in Nanking called recently at the Central Party Headquarters, the Ministry of Foreign Affairs, and the Central Political Council, urging that strong representations be made to the French Government against the illegal occupation by France of the nine islands in the South China Sea.

Marking the recent French occupation of nine coral islands off the coast of Indo-China, and an *Associated Press* report of a Franco-American agreement in regard thereto, Moscow declares that the struggle in the Far East is developing steadily and that current happenings are the forerunner of war.

When France Told Japan She Was Not Interested in the Islands

A spokesman of the Foreign Office in Tokyo, Aug. 7 refuted reports emanating from foreign sources to the effect that a Japanese consul at Saigon, upon request of the Lassa Rock Phosphate Mining Company, in 1930 applied to the Government of French Indo-China for permission to operate rock phosphate mining in several of the islands recently declared occupied by the French Government, thereby having virtually recognized the French sovereignity on the islands in question.

The fact was, according to the spokesman, that at the time the Lassa Mining Company, a Japanese firm, started its work on the islands in question, the Japanese Government made inquires with several Governments which might have been interested in the islands with a view to ascertaining as to whether any one of them might take objection. The Governor of French Indo-China was thus duly consulted by the Japanese Consul, who was, however, informed that as France, having had no interests in the islands, there would be no objection to the Japanese mining scheme.

Yellow River Continues to Rise

As a result of the continued rise of the Yellow River along its entire course, a dangerous situation has developed near the mouth of the River. The whirling waters beating against the dykes at Lichiatun and Weimin, in the lower reaches, have caused minor breaches on the northern banks. Repairs are being made with a view to preventing conditions becoming worse. The level of the water thereabouts is only about one or two feet lower than the dykes.

Pingmin and Tungkwan, in south-eastern Shensi, have suffered considerably through the continuous rise of the Yellow River. At Pingmin, the River has overflowed its banks and, after washing away the East Gate, inundated the streets of the city. Many parts of the city were under two or three feet of water, The district magistrate went about in a sampan dispensing relief.

All lowlying areas along the Yellow River near Tungkwan, the present terminus of the Lung-Hai Railway, are flooded.

A part of the Nienpao stone embankment near Kaifeng collapsed Aug. 5 due to heavy pressure of the waters of the Yellow River (in the upper reaches). Throughout the night the villagers worked frantically to repair the demaged section. The River at Shenhsien, north-western Honan, has risen considerably while at Yungtse, the water is only three feet below the dyke level. The Honan Provincial Department of Reconstruction has ordered all district magistrates along the River to reinforce weakened sections and take adequate precautions.

All the villages along both banks of the Ching River were completely washed out by the flood in the Sian District last week. At Sanyuan alone 4,000 dead bodies were found. At Loutichen about two hundred families were washed away and all the inhabitants drowned. The death toll at the point where the Ching River meets the Yellow River is reported to be even higher than at Sanyuan. The farmers who live in the mountain regions near Sanyuan are believed to have all been drowned because the water poured down from the mountains and carried everything before it.

Recent heavy rainfall in northern Shantung has aggravated the flood situation in the province. A breach occurred in the dykes at Wucheng, on the Grand Canal near the Shantung-Hopei border, but the farmers are working assiduously to repair the damage. The Yellow River embankments at Lihsingtun, in the upper reaches, are being strengthened. At Leikow sandbags are being used to strengthen weak points.

A telegraphic despatch from Kueihua, provincial capital of Suiyuan, states that a number of districts in the province are flooded as a result of heavy rainfall during the past week. A section of the old city wall at Tsinghocheng, was washed away by the rains.

A typhoon which swept the south coast of Korea last week took a heavy toll of lives. More than a hundred fishmermen, in 20 fishing boats, are missing; 172 fishing boats were sunk.

China Merchants S. N. Co. Will Have Six New Ships Built in England

The provisional contract for a loan of between £360,000 to £400,000 from the Sino-British Boxer Funds to the China Merchants' Steam Navigation Company for the purchase of new boats, was signed in Nanking August 7, The securities on the loan include a lien over the new boats to be purchased with the loan, a lien over the entire receipts of the new boats, and a guarantee by the Ministry of Finance to make good the payment of principal and interest in case of a deficiency. The Ministry of Communications, it is stated, will send an expert to England to supervise the construction of the six steamers.

New Administrative Court Comes Into Being

BY N. SHOOLINGIN

Recently, after protracted preparations, was held the inauguration ceremony of the Administrative Court in Nanking. This event is of great significance, yet the local Chinese papers carried but a brief note about it, while the foreign language newspapers did not have a single word in regard to the matter. However the ceremony was evidently a very brief one, consisting in the President, Mao Tsu-chuan, formally taking over the office and announcing that Chu Hsi-po is appointed chief secretary.

On June 23 came into force the Law of Administrative Procedure, which was promulgated on November 17, 1932. The Law of the Organisation of the Administrative Court came into operation on 17 November, 1932. According to this law the Court takes charge of all the administrative processes of the country. However, it should not be misunderstood to mean that the Court has original jurisdiction in cases against the illegal actions of the servants of the government. On the contrary, the tribunal is the court of last instance in the procedure in administrative complaints. Any action or petition against any illegal encroachment on the rights of a private individual by a government administrative organ, or person in the employ of such organ should be presented to the responsible superior organ for redress. Such preliminary procedure should follow the prescriptions of the Law of Petition, which was put in force on 24 March, 1930.

The greatest significance of the new Court is that its decisions are binding on the government organ concerned, and there is no appeal, though under certain circumstances the party concerned might ask for a retrial. Furthermore, it can order the organ, whose illegal action caused damage to the rights of the individual, to make just compensation.

As outlined by the newly appointed President, the general intention of the Court is to provide common sense methods of securing redress against Government organs, while the new Court will assure to an aggrieved party a final and impartial review and adjudication of his charges. The procedure is calculated to ensure to the public more prompt and reasonable consideration of complaints lodged with and against government organs, since officials will be made to realise that final recourse to the Administrative Court can always be had by the people.

The organisation of the Court is comparatively simple. It is divided in two Chamber, each consisting of a panel of five judges two of which at least should have been judges in the regular courts. Where the president of the Court does not consurrently assume the role of head of one of the chambers, the head is selected from among the judges. There are certain prerequisite qualifications that the judges should possess before appointment. Thus they must be thoroughly versed in the Party principles. They should have had at least two years of service in the government and be of the rank of "chien jen", that is of the second civil service rank. A third requirement is that they be at least thirty years of age.

Though the new court has been functioning for only about a month, a great number of petitions has already been submitted to it for adjudication. However, many of these petitions could not be entertained, as they were not submitted in the proper manner. The law of administrative procedure lays down that the petitions must be filed in writing. It must give all the details concerning the complainant, and besides that must state the reasons why the decision of the responsible superior organ of the government is considered improper or unlawful.

The execution of judgments is carried out by the government upon presentation of the decision of the court by the Judicial Yuan.

The present Administrative Court while resembling in certain respects that which existed under the Yuan Shih Kai regime in Peking does not possess the power of disciplinary punishment of delinquent officials.

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65-507

Manchukuo Becomes Threatening in C.E.R. Matter

The sixth plenary session of the Soviet-Manchukuo negotiations for the transfer of the Chinese Eastern Railway took place in the official residence of the Vice-Minister for Foreign Affairs at Tokyo Aug. 4. *Rengo* says the proceedings at the conference were sufficient to convince any one of the ultimate failure of the negotiations.

The Manchukuo Foreign Office has issued a strongly worded statement in which it is averred that irrespective of the results of the railway sale negotiations, now in progress in Tokyo, the Changchun Government will carry out its plan in accordance with the already fixed principle. Manchukuo, claiming sovereignity over the railway line in question, will enforce its laws and regulations on the line. In executing its program in accordance with the above basic principles, Manchukuo says it is determined to close all Communist organs in the C.E.R. district and along the railway line while preparing to take measures for the complete suppression of Communistic movement throughout the country. Furthermore, the Manchukuo Government will be ready to take steps to change and modify the buildings and regulations of the railway in order to make them conform to the requirements of Manchukuo.

Informal exchanges of views between M. Kazlovsky, Chief of the Far Eastern Section of the Soviet Foreign Commissariat, and Mr. Ohashi, Manchukuo's Vice Foreign Minister, over the questions of sale price and other terms for the transfer of the railway were commenced in Tokyo August 8.

The C.E.R. parleys in Tokyo have so far made little progress. The Soviets who had been asking 250,000,000 gold roubles for their interest have made a gesture by an offer to reduce the price by 50,000,000 roubles. Manchukuo stands pat on its original offer of 50,000,000 roubles. At the conference August 7 Manchukuo delegates read two statements recognizing the great value of the railway to Manchukuo but declaring that it is now of no value to Russia.

The Soviet government organ, *Izvestia*, in an editorial August 5 excoriated certain Japanese functionaries in the Manchukuo government who are endeavoring to impair Soviet-Japanese relations by sabotaging the negotiations now proceeding in Tokyo for the sale of the Chinese Eastern Railway.

White Russians living along the line of the Chinese Eastern Railway are reported to be agitating for return of a Czarist regime as the ultimate aim of their present endeavors to create a large settlement of White Russians in the railway zone from among Russians now residing in all parts of Manchuria. General Semenov, former White Russian commander, recently started work to call together all leaders of the White Russian movement in Manchuria, for the purpose of securing employment for them on the staff of the railway on its transfer to Manchukuo.

Soviets Continue to Entrench Themselves Economically

Two 700-ton schooners, equipped with both sails and engines, have been built in Vladivostok for the use of Soviet scientific expeditions and for hunting and fishing. The hulls are of steel, enabling the vessels to travel through ice, while the fact that they have both sails and engines will give them a wide sailing-radius. The engines are Diesels of 240 horse-power.

A sum of 3,000,000 roubles has been assigned this year for extension of the plant and soil institutes in Vladivostok, the agricultural electrification institute in Habarovsk and the animal breeding institute in Blagoveschensk. These institutes are to undertake the great work of studying the vegetation resources of the Pacific basin. A search will be made for a species of corn that can be cultivated in a damp climate. Also great attention will be given to fibrous plants. The growing fishing industry in the Soviet Far East demands the manufacture of fishing nets that will not spoil easily. Thus a search will be made for such fibrous plants as will be suitable for making nets and that will grow in the climatic conditions of the Soviet Far East.

Seventy-two thousands persons have had their prison sentences commuted by order of the Central Executive Committee of Soviet Russia in recognition of their splendid work on the construction of the Baltic-White Sea canal.

President and Secretary of State Confer on Soviet Recognition

President Roosevelt and Secretary of State Hull discussed American-Soviet relations at Hyde Park, N. Y., August 6. President Roosevelt takes the attitude that the objections to recognition as expressed by the former Administrations have now almost, if not entirely, disappeared. One of these objections was that Soviet Russia had neither recognized the debts of the former Czarist and Kerensky Governments nor given any indication that she would pay them. This objection is discarded by the present Administration in view of the fact that failure or refusal to pay debts is not confined to Soviet Russia.

Russia has recently purchased U. S. $4,500,000 worth of cotton in the United States. The last shipments under the order were made during the week. Forty-one Soviet technicians will shortly visit the United States with instructions to place orders for American machinery, "if they believe such purchases are wise."

M. Herriot, ex-premier of France and leader of the French Radical Party, is on a trip to Soviet Russia.

A recent report of the Soviet Commissariat of Education stated that the number of children in school on the northern section of Sakhalin, the Soviet Union's far eastern island domain, has increased from 800 to nearly 11,000 since the Revolution.

Reports reached Harbin recently from Japanese sources state that Koreans residing in the Posiet district of the Maritime Province of Siberia have been ordered by the Soviet Government to leave their homesteads and to migrate to points west of Habarovsk.

Manchukuo Prepares for Abolition of Extrality

Following a series of consultations among members of the joint preparatory commission of Manchukuo ard Japan for the abolition of extrality in the new state, it has definitely been decided that the Manchukuo Government will withdraw extrality in two years' time.

As the first step towards the preparation for the abolition of extrality in Manchoukua which is expected after two years, the Manchoukuo Government has tentatively decided to elevate the bureau of police of civil affairs department to virtually an independent status in order to give it a free rein in matters concerning the police administration and in order to enable it to bring police forces throughout the country under its effective control.

The Manchukuo Government has drafted concrete plans for quarantine laws to be enforced at seaports. The law will be promulgated in the early part of September.

Japan's so-called "Manchurian incident expense" for the next fiscal year is put at about Yen 150,000,000 as against Yen 165,000,000 for the present year.

The Eastern Asia Industrial Association has just been formed by the Manchukuo Government with the object of consolidating the Japan-Manchurian economic bloc. The association has as its object an investigation regarding the development of industries in Eastern Asia, the publication of the results of the investigation, and the undertaking of the work for solidifying the economic bloc of Eastern Asia.

Colonel Yaheita Saito of the Kwantung Army has been appointed Commander of the 6th Infantry Regiment at Nagoya while Lieutenant-Colonel Kumakiohi Harada, Staff Officer of the Kwantung Army has been promoted to the rank of Colonel.

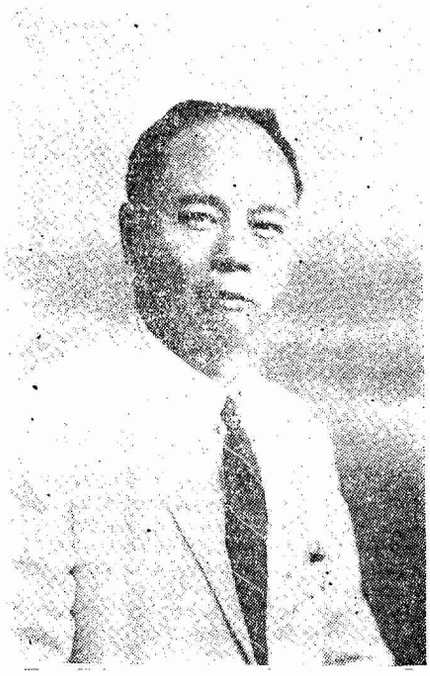
Doubts are expressed in Chinese circles as to the authenticity of the recent Japanese report to the effect that France and Japan are planning extensive joint investments in Manchuria.

Peiping Paper Urges Policy of "Blood and Iron"

The Peiping *World Daily News* comments:—"We do not deny that logically the League and the Powers should not rest satisfied with the present state of the Sino-Japanese situation but should continue their efforts to evolve a satisfactory and equitable settlement, but unfortunately, the realities of the international situation do not warrant this view. For this reason we strongly urge the Government not to place further reliance upon the League and the Powers but to depend upon its own efforts. To put it bluntly, we must prepare and have the determination to die for the defence of our country and the recovery of our lost provinces. Only by a policy of iron and blood is there a hope for a fundamental solution of the Sino-Japanese question."

Who's Who in China

Chun Foo-chun, overseas Chinese merchant and educator; born at Meihsien, Kwangtung, 1886, brought up at Kaifeng, Honan province; came to Batavia to engage in educational work among the overseas Chinese Community in 1906; began to be interested in business since 1911, promoting the sale of Chinese commodities in Dutch East Indies; for the past ten years, he has been engaged in the manufacture of medicine and toilet articles and in publishing business; complier and author of the following books: A Textbook of Chinese Mandarin, A Textbook of Malay Language, A Book of Conversations in Malay Language, A Dictionary of Malay Language, A Malay-Chinese Dictionary, A Chinese-Malay Dictionary, A Book on Malay Grammar, and ten Malay novels; an enthusiastic welfare worker among the Chinese community in Java, being a director of the Chinese Guild, of Chinese Chamber of Commerce and of various Chinese schools in Java; inventor of the "Bedak Virgin" face powder which enjoys a great sale in the Straits Settlements; address: Chun Lim & Company, Pintoe Besar No. 39, Batavia; residence address: Petodjo Cjang Haubel 14, Batavia, Centrum.



陳撫辰

Chun Foo-chun (Chen Fu-cheng)

陳撫辰，現年四十七歲，原籍廣東梅縣，生長於河南開封縣，於一千九百零六年來巴達維亞，辦理華僑教育事業，一千九百十一年，從事商務，專推銷中國貨於荷屬羣島，近十年來，自製各種化粧品藥品，并自印書籍發售，曾編有國語教科書，巫文讀本，會話，文法，字彙，信扎，巫華字典，華巫字典，荷屬商場各式文件，以及巫文小說，凡十餘種，對於華僑團體事務極爲熱心，曾任中華會館，商會，各學校董事，發明一種擦面粉，有改造皮膚之功，在荷英各屬地銷行願旺，通信處；振林公司，荷屬東印度巴達維亞。

Cuban Insurrection Takes Serious Turn, America May Intervene

Events in Havana took a more serious turn August 7 when secret police, in an attempt to clear the streets of crowds who were rejoicing at a premature report that President Machado had resigned, opened fire with their rifles and killed about 15 persons.

Despite official denials President Machado is expected to resign and to leave Cuba. Meanwhile, President Roosevelt is stated to be opposed to American intervention although the New York *Times* reports that the present situation will force America to intervene, and that her army and navy perfected plans for this purpose six months ago.

U. S. Marines to Be Withdrawn from Haiti Next Year

The United States Government has agreed to withdraw on October 1 next year the detachment of United States Marines which form a part of the defence force of the Republic of Haiti.

Who's Who in China

(Supplement to the Standard Edition)

There will be published shortly a supplement to the standard book, "Who's Who in China," which will contain some 200 biographical sketches of Chinese men and women who have come into prominence since the Fourth Edition (1931) was issued. It also will contain revisions of some of the sketches which appeared in the Fourth Edition.

For example, the Supplement will contain the pictures and sketches of several leaders who have come into prominence as a result of the Sino-Japanese conflict, such as Generals Tsai Ting-kai, Chiang Kwang-nai and Oung Chao-wan of the 19th Route Army, Chang Chih-chung of the 5th Army; Ma Chan-shan, Su Ping-wen and Li Tu of the Manchurian campaign; Sung Chih-yuan of Chahar, Han Fu-chu of Shantung, Yu Hsueh-chung of Hopei, Chu Ching-lan of the Volunteers, etc., etc., etc.

For those who possess a copy of the last, or Fourth Edition, a copy of the Supplement, is indispensable.

NOW ON SALE

No office, home, school or public library is complete without **Who's Who in China**, containing the pictures and biographical sketches of most of China's leaders in the fields of politics, business, education and the other professions. In addition to a record of their careers, it also contains their latest addresses, matters of vital importance to those who would keep up with events in China and the Far East.

The prices, including postage, for the Supplement as well as the standard edition are as follows:

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Both books	11.50	4.50

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The China Weekly Review

38, Avenue Edward VII

Shanghai.

Men and Events

Mrs. J. S. Potter, wife of the secretary of the Asia Realty Company, is spending a holiday at Weihaiwei.

Fifty-seven Chinese deported from Mexico arrived in Shanghai on the Dollar liner *President Coolidge* August 5.

King-chau Mui, Chinese Consul for Hawaii, gave a broadcast address July 14 at Honolulu, describing the advances which China has made in mass education.

The Peiping Municipal Council was formally inaugurated Aug. 3. Messrs. Tung Lin and Chou Thao-hsiang have been elected chairman and vice-chairman of the Council.

M. Bogomolov, the Soviet Ambassador to China, arrived back in Shanghai during the week, from Tientsin. He made a brief stop at Tsingtao.

Sun Fo is at present in Tsingtao where he joined his mother, who is delivering a series of sermons in various Tsingtao churches.

Miss Roberta M. Ma, of the Department of Biology at Yenching University has been appointed professor of botany in Kwangsi University in Wuchow.

Premier Mussolini's son-in-law, Count Galeazzo Ciano di Cortelazze, who previously held the post of Italian minister to China, has been appointed chief of the Italian press department.

Chang Hsueh-ming, former mayor of Tientsin arrived in Shanghai during the week to take passage for Europe, where he will join his brother, Marshal Chang Hsueh-liang.

Miss Maye Tom has been appointed by the U. S. Court for China executrix for the estate of her deceased brother, Tom D. Gunn, one of China's first aviators, who died in 1925.

A Chinese goods exhibition was held at Weihaiwei during this week. More than 120 manufacturers from Shanghai, Tientsin, Tsingtao, Chefoo and other centers sent exhibits.

Dr. W. W. Yen, Chinese Ambassador to Russia, in return was due to during the week to Moscow from Paris, where he had been conferring with Wellington Koo and other Chinese diplomats.

The well-known Japanese historian, Professor Matsumota, arrived in Kiev, Russia, Aug. 1 in the course of a tour. He is making a study of cultural construction work among the national minorities.

Colonel Beaumont, commander of the American Marines in Shanghai, made an official call on Colonel Wen Hung-en, Chinese police commissioner, at the Bureau of Public Safety in Nantao August 7.

Wm. Lockwood, Jr., son of of W. W. Lockwood of the National Committee of the Y. M. C. A. is visiting in Shanghai this summer for a few weeks. He is a member of the faculty of Bowdoin College.

T. V. Soong, Chinese Minister of Finance, and Dr. Alfred Sze, Chinese Minister to be the United States were received by President Roosevelt at Hyde Park, N. Y., August 7. The telegrams indicated that financial matters were discussed.

The French Treasury announced Aug. 5 that the French portion of the loan of 300 000,000 schillings to Austria guaranteed by Great Britain, France, Italy and Belgium, amounting to 300,000,000 francs or £3,550,000 will be issued during the subsequent week.

Herbert G. Moody, accompanied by Mrs. Moody and their two children, of Shasta, California, is visiting in Shanghai on a trip around the world. Mr. Moore in association with Walter H. Fink, is the editor and publisher of three newspapers in northern California.

The Canton police recently arrested and fined a young woman described as a "nun flapper." The nun was affiliated with a nearby monastery. She was placed under arrest on the charge of wearing attractive dresses and riding a bicycle in the streets.

The British, Italian and French Governments have protested to the German Government, in regard to Nazi propaganda in Austria by means of radio broadcasts and leaflets dropped from airplanes. The protests are made under the preamble to the Four-Power Pact, the treaty recently concluded between Britain, France, Italy and Germany and designed to safeguard the peace of Europe.

Recent advices from San Francisco, stated that Mrs. Judah Ezra's stay in the United States has been extended, but this did not mean that her husband would be deported in October and not sent to prison. Sentence is to be passed on Judah Ezra and his brother, Isaac Ezra, on September 14. Meanwhile the San Francisco authorities are attempting to obtain the return of Allan Zimmerman from Shanghai.

General Chen Chiung-min, former Military Governor of Kwangtung, who was bitterly opposed by the Kuomintang for his persecution of Dr. Sun Yat-sen, arrived in Shanghai from Hongkong recently and has since taken up his residence in the French Concession.

The directors of the Chinese Y.M.C.A. of Shanghai gave a dinner August 7 at the new Chinese Y. building on Boulevard de Montigny in honor of the new general secretary K. Z. Loh. The dinner was presided over by Dr. Y.S.Tsao, chairman of the Shanghai Y.M.C.A.

Regulations restricting the importation of foreign cement have been drafted by the Canton Provincial authorities, stipulating that foreign cement may be imported into Canton only with special permission of the government.

Silver sycee to a value $1,500,000 was salvaged by the Tokyo Salvage Co., on behalf of the South British Insurance Co., from the China Merchants steamer *Toonan*, which sank off the Shantung Promontory on July 10, after having been in collision with the Japanese steamer Choshun Maru.

Captain Schniewind, commander of the visiting German cruiser and training ship *Koeln*, laid a wreath on behalf of his men at the Iltis monument, at the German School, Avenue Haig, Shanghai, August 5. Herr Reiber, chairman of the German community and Herr Halbekuan, leader of the Nazis in Shanghai, made addresses.

A total of 101 certificates were issued by the Ministry of Education last month for Chinese students who intend to pursue higher studies abroad. Among the 101 applicants, 39 will go for advanced training in America, 17 in France, 15 in Germany, 16 in Japan, 5 in Britain, 4 in Austria and 1 in Belgium.

It is learnt that the Ministry of Industry has decided to prohibit the importation of low-grade fertilizers which are harmful to crops. In an order to the Shanghai Bureau for the Testing and Inspection of Commercial Commodities, the Ministry instructs that the measures prohibiting the importation of such fertilizers be strictly enforced.

Prof. and Mrs. Charles Hodges of the Department of Government of New York University, arrived in Shanghai last week for a stay of a few days on a trip through the Orient. Prof. Hodges is also a correspondent for the *Daily Investment News*, N. Y., and in addition represents the Metropolitan Broadcasting Company, and the American Radio Production Committee.

When the *Shanghai Maru* arrived in Kobe August 7 a trunk which had been put on board at Shanghai was found to contain the body of a murdered Chinese woman about 21-years of age. The Japanese police in Shanghai are trying to find clues to the murder, starting with investigations among the wharf coolies who put the trunk on board.

The Kwangtung Seamen Unions is prepared to have a prolonged struggle with the China Navigation Company, Ltd. arising out of the Woosung incident, according to the *Republican Daily News*, official organ of the provincial Kuomintang. Steps are being taken to provide living quarters for the employes of the company who are on strike, and if possible efforts will be made to find employment for them so that they may not return to their former jobs.

A large quantity of confiscated narcotics and opium-smoking paraphernalia was publicly destroyed by the Shanghai District Court August 5. Deputies of the Kiangsu Provincial Higher Court, the 1st and 2nd Special Courts, Shanghai-Woosung Garrison Headquarters, Municipal Bureau of Public Safety and the Shanghai Customs witnessed the bonfire. The contraband was confiscated by the Shanghai District Court during the April to June quarter.

In transpires that the marriage in Shanghai last month of Selskar M. Gunn, vice-president for the past 10 years of the Rockefeller Foundation to the American actress Carroll McComas, was immediately preceeded by the granting of a final divorce decree in Paris to Mr. Gunn and his former wife *nee* Clara Coffin, Mr. and Mrs. Gunn are at present on a honeymoon trip to Java. They expect to return here in September.

A serious fight started in the waiting room of the railway station at Rotterdam, Netherlands, on the evening of August 2 between some hundreds of Chinese. who had been engaged by a Germen firm of motion Picture Producers, to take part in a film showing the Sino-Japanese conflict. Two of the Chinese were seriously injured, and the police had to intervene to re-establish order, making four arrests.

Deson Sze, the younger son of Mr. and Mrs. Sao-Ke Alfred Sze, received his degree with honors at Cambridge University, England, on June 20. Madame Sze and a large Chinese delegation from London withnessed the ceremony of conferring the degree by the Corporation, of Cambridge University.

Joh. Prip-Moller, well-known Danish architect, member of the New Carlsberg Foundation of Copenhagen, is now visiting in Shanghai, accompanied by Mrs. Prip-Moller. They are the guests of E. Trock, at 73 Route Delastre. Mr. Prip-Moller, who is making an extensive study of Chinese Buddhist architecture in Peiping and elsewere in China is returning to Denmark shortly. The results of his studies will be published shortly in book form.

Dr. W. H. Gardiner has entered into a partnership with Dr. E. V. Morrow, newly appointed United States Public Health officer for Shanghai. The offices of Dr. Gardiner at 1 Canton Road are being used by the partnership. Dr. Gardiner came to Shanghai in May 1911. Although a Canadian citizen by birth, Dr. Morrow at one time held the post of United States Bureau of Public Health officer in Shanghai, which office has been re-established after having been abolished by the last administration. Dr. T. B. Dunn was the former Health Officer in Shanghai.

At a meeting of the Southwest Political Council July 25 it was decided to telegraph the Ministry of Industries asking the cancellation of the contract with Arnhold & Co.. a British firm, which was granted by the Ministry the right to operate wolfram mines in southern Kiangsi. The decision is based on the report that the contract will be signed very soon, and when it is materialized, several hundred thousand dollars invested by Chinese merchants will be gone and over ten thousand Chinese workers will be without employment.

Upton Close, who is conducting an American tourist party through the Far East, was notified in Mukden Aug. 2 that the Japanese Embassy in Changchun had prohibited him from passing through the South Manchuria Railway zone. The reason given was that his anti-Japanese attitude was distasteful to Japanese officialdom. As a result, Mr. Close was forced to travel to Shingishu on this side of the Mukden-Korean border by air, thus temporarily separating him from the party. An editorial on the Japanese dislike for Mr. Close appeared in *The Review* last week.

Commenting on the decision of Arthur Henderson, some-time secretary of State for Foreign Affairs, to stand as Labor candidate for the Claycross division of Derbyshire, the *London Times* says that Mr. Henderson, had recently returned from a tour to Paris, Rome, Berlin and Prague to discuss disarmament and had gained the conviction that every government desires a working arrangement by which nations will be spared senseless competition in weapons of destruction, as oppressive for national budgets as damaging to international confidence

S. C. Leung, acting general secretary, and E. E. Barnett, American secretary of the National Committee of the Y.M.C.A. of China, Chang Fu-liang of the National Christian Council and Chester H. S. Chen, acting general secretary of the Tientsin Y.M.C.A. joined a party of Y.M.C.A. men from Japan and Korea on board the Dollar liner *President Coolidge* at Shanghai August 5 enroute to Manila as delegates to the Far Eastern and Indian Area Conference called by the World's Committee of the Y.M. C.A. to meet at Baguio August 13-22..

Repeated cases of assaults on Chinese citizens by Formosans (Japanese subjects) were reported from Amoy last week. An important official belonging to the Headquarters of the 19th Route Army was suddenly assaulted by several of these Japanese subjects while he was riding on a motor-car, and taken to the Japanese Consulate. He was later released. A Chinese peddler and a shop-owner were molested by gangs of similar Japanese subjects. When the police intervened, Japanese rowdies turned on the latter and as a result two policemen were severely injured.

Another film with a national angle has been withdrawn from Shanghai cinemas, this time on the application of the French authorities. The film to which the French objected was "The Rebel," a historical film of the Napoleonic era, one of Universal's best productions, involving six months of hazardous photography in the Austrian Tyrol and Dolomite Alps. In the leading roles are Luis Trenker, originally famous as an Alpine guide, and Vilma Banky, returning to the screen after a lengthy retirement. It has been withdrawn from the Grand Theater and present indications are that it will not be allowed to be shown anywhere else.

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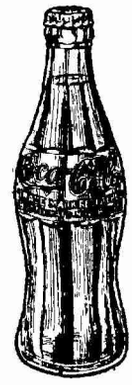

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CUSTOMS NOTIFICATION NO. 1311

A Customs Barrier under the control of the Shanghai Custom House, to be known as the Shanghai Customs District Liu Ho Barrier (江海關區瀏河分所) will be established at Liuho on 10th August, 1933; and from that date all craft entering or leaving Liuho shall report to the Customs, and, while vessels passing Liuho need not report there, they will be required to stop if signalled to do so.

H. O. Tong,
Superintendent of Customs.

A. C. E. Braud,
Commissioner of Customs.

CUSTOM HOUSE,
Shanghai, 5th August, 1933.

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New Books of Interest in the Far East

Japanese Lawyer Discusses Shanghai "War"

International Law in the Shanghai Conflict. By J. Shinobu, LL.D. *published by the Maruzen Company, Tokyo. 1933.*

Armed with two imposing qualifications, Doctor of Laws and "Sometime Legal Advisor to the Japanese Imperial Third Fleet in Shanghai," J. Shinobu of the Waseda University, Tokyo, has written a legal treatise to enlighten the world on the weighty subject of International Law and the history of Shanghai War of 1932. The book consists of Eight Chapters with a preface by the author himself and an introductory note of blind and cringing compliment by the celebrated British lawyer-politician, Thomas Baty, Legal Advisor to the Japanese Foreign Office. Of course, it is written in English, that is, English after the Japanese style and fashion, for which "The Manchurian Daily News" has long been famous.

However the imposing title of the book notwithstanding, a serious reader would find little enlightenment on the points of international law as were involved in what the author for reasons of his own prefers to term as "the Shanghai Conflict," but will readily discover it to be a piece of propaganda in disguise designed for the consumption of the West. As a whole, the volume represents a laborous and clumsy attempt in justification of the Japanese Armed Aggression in Shanghai and in part, it is designed as a defence of the fool-hardy conduct of the unfortunate Japanese Naval Commander, Rear-Admiral Shiozawa, who started the trouble and was caught by it in a mess. From the point of view of a Japanese, the author must be credited with good patriotic intentions in putting out this volume, but this patriotic deed has been preformed such a peurile manner as more to expose the Japanese guilty conscience than to conceal it before the eyes of the world. In his over zealousness to defend every phase of the mad adventure, he has entirely forsaken the role of a jurist and stooped down to resort to all the foul tactics of a propagandist. Wilfully or otherwise, he indulges in misrepresentation and omission of facts, fallacious reasoning, distortions of points of law, illogical and irrelevant arguments and most ridiculous of all, in self-panegyric, singing the annoying or amusing tunes of praise to his own country, the reputation of her arms and her scrupulous observance of rules of warfare. In addition to these features, the book reveals gross ignorance and misinformation and contains many grammatical errors and unconventional usages of English.

One of the typical examples of the unabashed self-panegyric occurs on p. 3 of the author's preface at the very beginning of the book. Commending on the glory of his nation in the Shanghai War, the author says without a blush: "Japan whose reputation of always observing the rules and customs of warfare most faithfully has been solidly established in the course of her three Wars with foreign nations—with China in 1894-5, with Russia in 1904-5 and with Germany in 1914—added to her fame in her recent operations in and around Shanghai." Then attempting to exculpate the charge of the use of dum-dum bullets which was a known and admitted fact by neutral observers of the war and certified by a German Doctor in Shanghai, he assumes a pose of outraged innocence and protests on p. 87: "But the world knows too well that no civilized nation in the world surpasses Japan in faithfully abiding by the letter and spirit of International Law and despite the false Chinese accusation, no nation would listen to her characteristic propaganda, but would simply have treated it with derision." In another passage on p. 186, he repeats the same stupid canard that "The Forces of the Imperial Navy were faithful throughout their conduct of the Conflict in observing the rules and principles laid down by positive International Law." These statements sound not only ridiculous but constitute an insult to intelligence in view of the ruthless manner the Japanese prosecuted their war in Shanghai. Instances of distortion of facts are too numerous to be quoted and it seems best left to a disinterested third-party reader to find for himself, lest the reviewer as a Chinese be charged with partiality on this point.

Despite the copuous quotations of law in the book, the whole legal point which the author attempts to enlighten the World consists merely in the contention that the Japanese Armed Invasion of Shanghai was not a War according to the academic definition of International Law. In support of this statement, he offers two reasons: First, there was not the preliminary formality of a Declaration of War and secondly, China and Japan technically remained as friendly nations throughout the period of the military operations. According to his extensive research in International Law, the Shanghai Affair was neither a War, nor an Armed Invasion, not even in the nature of hostilities, but simply a Conflict which on the part of Japan, was merely an act of self-defense. As an act of self-defense, he develops the thesis to the conclusion that Japan was justified in resorting to any means, including artillery shelling of innocent buildings, airbombing of flood refugees of women and children, incendiarism, systematic mass murder (especially in the initial stage of the fighting), destruction of educational and cultural organizations, such as the Commercial Press Works, the Oriental Library and the various schools in the fighting zone. This point is the central theme of the book, which inspires the publication of this childish volume.

While the author was legalizing on the War, he has to be busy in defending men and measures. In an awakward attempt to cover up the reverses suffered by the Japanese Marines in Chapei during the early days of the War, he finds himself constrained to make the following amusing admission: "A simple reflection is enough to show it to be an absurdity that the Japanese bluejackets who were no experts in field operations nor in street fighting, should provoked the Conflict." Then, in fear of offending the same "Bluejackets" whom he had served, he made haste to pay them a compliment, saying "The Japanese are good fighters, but they never enter upon an indiscret and fool hardy adventure as this would have been." His arguments in defense of Shiozawa are also of interest. With a view to expitiating the charge that Shiozawa provoked the war and thus fell into what he described as a Chinese trap, he argues that the Admiral did not exceed his authority in initiating armed operations, for otherwise, he would have been censured and punished for his unwarranted conduct. Since Admiral Shiozawa received no punishment from his superiors, he argues vehemently, it must be assumed that he was right in his conduct. Referring to the so-called Chinese trap, he is once more given to self-praise in these ridiculous words: "Japan may have the honor of being too honest, but her military action in Shanghai which was forced upon the Navy, has no connection with a Machiavellism on the part of the politicians."

Most of the errors in names and facts may be excused on the ground that the author is a foreigner, despite his official connection with the Japanese Fleet in Shanghai which should have enabled him to better inform himself. But his consistent mis-spelling of Gen. Chiang Kuan-nai as General Chiang Kuan-tang is unpardonable. Did not his protracted stay in Shanghai and close observation of the war educate him such an elementary thing as what is the name of the commander of the enemy army which opposed the "good fighters" of his own country? In other places, he calls Gen. Sun Chuan-fang as Sun Chuan-fu, Dr. F. C. Yen of the Red Cross Hospital as Yen Hui-fu. Most ridiculous of all, he does not seem to know at all who commanded the 87th and 88th Divisions of the 5th Army which bore the brunt of Lt.-Gen. Uyeda's Great Offensive in Miaohangchen and Kiangwan and lightly adds one more Division, the 89th, to the Army. Gen. Chang Chih-chung who fought against men of his country never exists in his mind, but he drags in General Ku Chu-tung, Chairman of Kiangsu, who never came to the front, as his imaginary adversary. Finally, the author abandons the field of law and politics and adventures into the realm of economics. After pointing out the low scale of allowance for the military men in China, he makes the most amusing statement on p. 85 to the effect that a Chinese Army Commander receives no more than 200 taels. It is certainly a point of enlightenment that Army officers in China are now paid in the abolished taels and an Army Commander is paid no more or less than 200 taels!

In order to balance all his ballyhoo and ridiculous self-praise about his country, the author can not restrain himself to pay a compliment to the army which opposed his country's "good fighters, but no experts in street fighting" in following words: "Nevertheless, the feat of arms which officers and men of the 19th Route Army

accomplished in offering resistance for more than a month, along a line of several miles, may well have been a fitting adornment for the last page of its history."

The book from the Chinese point of view is a most welcome volume, because a book like this would do a thousand times more good to the Chinese case than the Chinese publicity efforts on this matter. But as a fair evaluation of the volume, the reviewer finds it best to return to the introductory note of compliment by Thomas Baty who claims to have read over the whole manuscript and offered advice and suggestions. After acknowledging the great privilege and delight in going over the manuscript, he says respectfully "it is a model of what such a book should be, and a real monument of Japanese scholarship, exact reasoning and freedom from prejudice!" But, if he has not actually lost his balance of mind between the privilege of reading the book and a proper appraisal of it, he could have most fittingly quoted the author's own words on p. 22 "it would be (is) worse than nonsense."

C. H. HOH.

Puerile Propaganda for Prejudiced People

Manchukuo: Child of Conflict. By K. K. Kawakami. The Macmillan Company, New York. 1933.

One wonders if one will never see a book by a Japanese who is frankly in favor of what the Japanese Army has done in Manchuria,—the driving out of Chinese authority, the occupation of the country, and the setting up of a new regime under Japanese control and direction. There is an extraordinary squeamishness on the part of most Japanese to admit what has been done, though it is a matter of well-known history today, and since the appearance of the Lytton Report no one interested in the Far East has any excuse for being misinformed on the subject.

And yet every Japanese propagandist, whether of Japanese or British or other nationality, repeats over and over, *ad nauseam*, the same wearisome falsehoods. The Japanese Army, they tell us, never intended to invade Manchuria. Oh dear no! It was simply a matter of self-defence against Chinese attacks, gradually extending itself from Mukden until the Japanese forces found themselves, still on the defensive, trying to resist the unprovoked and unjustified attacks of the Chinese on the eastern, northern, and western borders of the three eastern provinces, and even "practicing self-defence" in Jehol, Chahar, and Hopei, to say nothing of Shanghai.

The strange thing about it is that the Japanese and their subsidized foreign propagandists, while repeating this nonsensical version of what has taken place, apparently expect no one to believe it. If all the acts taken were in self-defence, and "Manchukuo" was created by a spontaneous popular movement against Chang Hsueh-liang's oppression, then why is it necessary to explain the setbacks which Japanese militarism had been receiving at home during the previous decade, as showing the dissatisfied mood of the military men? And why is it necessary to deal with the internal troubles in China at such length, and with "the red shadow of Moscow," and with so many other things which are quite irrelevant to anyone who believes or pretends to believe the "self-defence" and "independence movement" nonsense? It is surely unnecessary to apologize for an army's acting purely in self-defence. And conditions in Central China do not seem to have any very clear relation to the "regionalism" which Kawakami tells us is behind the "independence movement."

Kawakami's attack on the League of Nations, indeed, shows good judgment. The League does not command the wide loyalty which individual Governments do, and while an attack on its dominant Powers, Britain and France, would arouse hostile feeling among Britons and Frenchmen, the League itself can be abused and attacked with impunity, while carefully avoiding any reference to the Powers dominating and controlling it. "All that Japan wanted was a guaranty of her treaty rights in China, including her right to trade, free from officially encouraged boycotts. This Japan repeatedly made plain before the League and the world.... But the League Council.... concentrated its futile efforts upon compelling Japan to withdraw troops before Sino-Japanese negotiations could be opened for the guaranty of Japanese treaty rights.... The Japanese army.... knew, as did all Japanese, that the troops could not be withdrawn."

Starting with the last phrase first, does Kawakami mean by this that Mr. Yoshizawa deliberately and know-

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ingly lied when he declared to the Council on September 30, 1931, that the Japanese troops would be withdrawn, that withdrawal in fact had already begun, and that "Japan's honor is at stake" in faithfully carrying out the withdrawal? Either Kawakami or Japan's present Foreign Minister is clearly guilty of deliberate falsehood. As for Japan's "making plain" her demands, this is just what she refused to do. The League Council, dominated by Britain and France, was willing to go almost to any length to suit the Far Eastern empire which was taking up "the white man's burden" of exploiting weaker peoples, but Japan flatly refused to define the "fundamental principles governing normal relations" which she stated were the necessary basis of settlement between herself and China. In November the Japanese (evidently in order to gain time) proposed the appointmnt of a Commission of Inquiry, and the Council adopted the proposal. These are the facts of the matter, as everyone conversant with the history of the dispute is perfectly aware.

But Kawakami's statements, unfortunately, not only conflict with known facts, but conflict with one another. On page 16, for instance, he says that "Japan believes that she has delivered the 30,000,000 inhabitants of Manchuria from the yoke of the worst tyranny known to the modern world." On page 17, however, an American correspondent is quoted with approval in a statement that no frequent visitor can fail to admit that "Manchuria today, as it was six years ago and four years ago and two years ago, still is the most progressive and best administered portion of what maps and atlases label 'China.'" The two statements are obviously quite incompatible one with another.

Then there is the absurd business about the Japanese soldier. With the growth of industrialism and liberalism in Japan, opposition to militarism grew, so that "the soldier began to be regarded as the burden rather than the glory of the nation." (Most encouraging, if true.) The reduction in numbers of the military forces in the years following the World War is mentioned, but the fact is deliberately omitted that this *quantitative* reduction was a part of reorganizaion and modernization of the army which made it a far more efficient fighting force than ever before. But this reduction, and the bringing down of the term of conscription from two years to eighteen months, filled the soldier with "mingled apprehension, alarm, and resentment."

The statement that the Japanese soldier resented the reduction of his conscription term is so utterly and completely false that one wonders how Kawakami can possibly make it. Obviously, however, his book is written only for the ignorant. Everyone familiar at all with Japan knows that the Japanese conscript is no more enthusiastic over his period of service than is any other conscript, knows the prevalence of superstitious charms and amulets against conscription, even of mutilation to avoid it, knows the family gatherings of rejoicing and thanksgiving when a son escapes the hated service, knows the existence even of a wholly legitimate Japanese insurance system against conscription. And "naval limitation," Kawakami tells us, "stirred the ire of the soldier as well as of the sailor."

If, indeed, we substitute for the word "soldiers" the expression "Choshu clique"—the feudal clan which holds absolute power in the Japanese Army even as the Satsuma clan holds it in the Navy—the chapter becomes less asinine. But Kawakami does not wish to say that this "ire" and "resentment" he refers to was held by the wholly irresponsible feudal powers which hold the armed forces of the country in their hands, and by the young officers and professional patriots supporting this feudal power. So he says "soldier" and "sailor," which is deliberate imposition upon the ignorant. And similar imposition is evident to every intelligent person, however little acquainted with Japan, who reads the pages on over-population. Here, indeed, Kawakami is himself quite ignorant, knowing nothing whatever about vital statistics or population questions. This section is so utterly puerile as to be quite unworthy of citation.

Only the introduction and the opening chapter have been touched on above, but they are sufficient to give an idea of the rest of the book. The best parts of it are quotations from Lattimore's "Manchuria: Cradle of Conflict." There are also quotations, of course, from Woodhead and other pro-Japanese writers, and the "satanic" Feng Yu-hsiang who wanted to do away with poor Henry Pu Yi is duly condemned. (If Feng had defied the monarchist powers and abolished Henry, what would "Manchukuo" have done for a "regent," anyway?)

In dealing with "Manchukuo's helmemen," however, there is a strange omission in leaving out the noble figure of Captain Amakasu, chief of police in Hsinking, a convicted murderer who under cover of the earthquake in Tokyo in 1923 strangled to death not only two of Japan's most gifted writers, but also a six-year-old American boy. Surely the patriot Amakasu is worthy of mention. Another, strange omission, in dealing with the opium question, is any reference to the Japanese trade in the far more dangerous narcotics such as morphine, heroin, and cocaine. There are a number of other omissions, but it would take a volume to fill them in.

Perhaps it is Kawakami's fundamental insincerity which makes his book seem so utterly muddled and ill-balanced. He is a renegade Socialist, and this is a very bad handicap. For it cannot be expected that a man who has really believed in Socialist ideals shall utterly forsake them and at the same time remain intellectually honest.

H. H.

Economic and Statistical Researches on Shanghai Industrialization

The China Institute of Economic and Statistical Research has commenced the publication of a series of reports on Shanghai Industrialization, which are being financed by the Institute of Pacific Relations.

No. 1 is entitled "A Preliminary Report on Shanghai Industrialization," and No. 2, "The Silk Reeling Industry in Shanghai." Both were compiled by D. K. Lieu. The first-mentioned report was the result of an extensive survey made of Shanghai factories and workshops, carried out through the cooperation of the National Government Directorate General of the Budget, Accounts and Statistics, the Ministry of Industries, the National Tariff Commission, the Shanghai Bureau of Social Affairs and the Chiaotung University. The study of the silk reeling industry is exceptionally thorough, the report covering 142 pages. Copies of these brochures are obtainable from the China Institute of Economic and Statistical Research, Shanghai.

Recent Pamphlets Received

The Moscow Chamber of Commerce *Quarterly Review* (Jan.-March) contains an informative article on the coal industry in Soviet Russia. There has in recent years been a considerable export of Soviet anthracite coal to the United States.

Copies of the *Bulletin Annuel* of the Sino-Belgian Inter-University Committee (May issue) published in Brussels have been received in Shanghai.

The *Japan Advertiser* has published a 24-page magazine discussing Textiles and Tariffs as an international problem. It contains a discussion of many aspects of this problem as it is presented by discriminatory tariffs or regulations aimed at Japanese goods imposed by the United States, India and China.

Copies of *India and the World*, a monthly journal published in Calcutta, the editor being Kalidas Nag, have been received in Shanghai. The July issue contains a special article by the editor on "Young Italy and Young India."

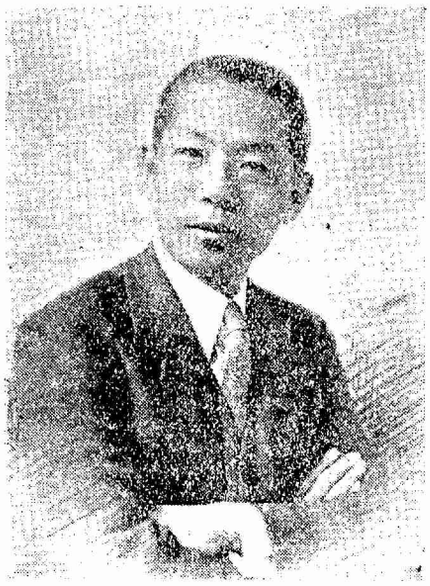
Delegates to Anti-War Congress Due in Shanghai Next Week

Preparations for the forthcoming International Anti-Imperialism War Congress are being perfected with the expected arrival on August 18 of three of the leaders from Europe, namely, Lord Marley of Great Britain, M. Vaillant-Couturier of France, and M. Jean Marteau of Belgium, who are on board the French liner *Andre Lebon*. M. Henri Barbusse, chairman of the World Committee against Imperialist War, who was first reported to have left France together with the party, has postponed his trip to the Far East.

According to Mrs. Sun Yat-sen, wife of the late founder of the Chinese Republic, who is chairman on its preparatory committee, the purpose of the scheduled congress will be to mobilize and co-ordinate efforts against imperialist war in the Far East in the future. No announcement has been made so far as to where the Congress will hold its meetings Both the foreign and Chinese authorities says they will refuse any application to hold such a Congress—which, as a matter of fact, has so far not been made.

Marshal Chang Hsueh-liang Improved in Health by European Tour

Marshal Chang Hsueh-liang, who is on a fortnight's tour of England, told *Reuter* recently that he had immensely benefitted from his voyage. He weighs 16 pounds more than when he left China, and is fat and strong and bronzed. As will be noted, he has discarded his moustache. Accompanying him are his two sons Raymond and Martin, W. H. Donald, his adviser, and Mr. Li, his secretary. The party was due to leave London on August 12 and fly to Berlin and Scandinavia. The main object of Marshal Chang's tour of Europe is to study every detail of modern aircraft and military and naval equipment. He is leaving his two sons in England to study for Oxford.



Recent photo by Era Barrett Studio, Rome, indicates Marshal Chang Hsueh-liang is thriving on European fare and has greatly improved in health since leaving China.

A Useful Map of Timely Value

Another of the execellent regional maps published by the Jih-Sin Geographical Institute at Shanghai has now appeared, this latest being of the provinces of Jehol, Charhar and Suiyuan to the north of the Great Wall, formerly known collectively as Inner Mongolia. It shows the western part of Liaoning (Fengtien) province as well, northern Hopei (including Peiping, Tientsin, and the Luantung area now a center of interest), northern Shansi as far south as Taiyuanfu, and a good part of Ninghsia, the fourth Innger Mongolian province.

This map by the well-known Chinese geographer, Soo Chia-yung, like his previous popular and useful map of Manchuria, gives place-names in both English and Chinese. Sometimes the English transliteration is taken from the Russian (the author having referred to Russian as well as other maps in compiling this one), so that Dolonor appears as Tolunnoerh. Railroads, motor-car routes, and the main roads—as well as telegraph lines, etc.—are shown clearly. There is an index in English of the various town and place names which is of great help in locating and identifying a desired point in the map.

On the reverse side of the three-province map, there is a general map of China, showing all the provinces with their important cities, Korea and Central Asia which once formed the dependencies of China. The low price of this convenieut folding map, $1.50 Mex., in China and U.S $1 abroad, makes it readily available to all wishing to follow intelligently the present situation along the border where Chinese troops meet Japanese and "Manchukuo." The map is on sale at the *China Weekly Review*, 38 Avenue Edward VII. Shanghai.

Chinese Administrative Offices Benefit as a Result of Peace

The national crisis having eased with the conclusion of the Tangku armistice agreement, it is understood that administrative expenses for the Central Government will be increased to their original figure, namely, $4.200,000 monthly. Upon the outbreak of the crisis of September 18, 1931, it may be recalled, the government's administrative expenses were reduced from over $6,000,000 to $4.200.000. As a result of the Shanghai hostilities last year, this figure was further reduced to $2,940,000, necessitating drastic cuts in the salaries of public functionaries and the suspension of reconstruction enterprises.

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China's Industrial Development---Its Problems and Prospects

BY C. L. NIEH

Editor's Note—This is the concluding installment of an article dealing with China's Industrial Development reproduced from a pamphlet intended for presentation at the Fifth Biennial Conference of the Institute of Pacific Relations, scheduled to be held at Banff, Canada, August 14.

(Concluded from last week)

IT is a recognized principle of economics that no country should tax its exports except those articles which it is its policy to keep exclusively for home consumption. China, however, has taxed her exports generally ever since the beginning of her trade relations with other countries. Under the new export tarff, as promulgated on May 7, 1931, all the staple articles of China's export trade, viz., silk,[97] skin and hides, eggs and livestock are now subject to a higher duty. Though it is expected that this new tariff will yield a higer revenue, it, however, neglects two fundamental facts that China produces not only for a national market, but also for an international one, and that China's ability to buy depends on the facility with which she can sell, plus other factors contributory to equalizing her imports and exports. Whether this increase of export tariff will encourage home production or protect home industry is doubtful to say. But it is still more doubtful to predict that this will encourage an increase of world consumption of China's staple exports, under such circumstances and in this time of world-wide economic depression. We shall not forget that the levy of export duties on tea and silk, which had for many decades been two of China's most staple exports, had nearly ruined them, until it was too late for the Government to take corrective steps by discontinuing the levy of the export duties.[98] A discrimination must be made between the increase of revenue through a higher export tariff, at the expense of the home farms and industries, and the loss of a world market for the nation's staple exports. Is China going to lose all her essential exports, which contribute so greatly to her economic integrity and national solidity, or is she going to follow the established principle of economics that no country should tax its exports except those articles which are kept exclusively for home consumption? We shall see.

Turning to the import tariff schedule, it may be said that the net result of this new tariff will be a tendency to restrict imported manufactures and encourage the establishment of certain industries in China. For instance, raw cotton at present is to pay an import duty equivalent to about 10% ad valorem on the present basis of cotton valuations. It should be noted, however, that most of the imported cotton, chiefly American and Egyptian, does not compete with the native product for the latter is of shorter staple, and therefore the foreign cotton is required in order to provide the mills with material necessary for the manufacture of finer count yarns and better quality cloth. Thus it would seem that excise taxes on the factory outputs would constitute a safer source of revenue than an import tax on raw material which is an essential constituent of manufactured products in domestic industries. It should be clearly defined, however, that the writer does not attempt to advocate the theory that the Government should raise the tax on the manufactured products, as the latter are already subject to a heavy taxation and are craving for some measures of relief.

9. World Finance and Exchange

The scientific and material progress of the world tends to bind the nation together and to create common interests. The development of mass production has created a situation in which the producing nation is dependent upon the prosperity of the consuming one. In other words, human activities all the world over are nowadays so closely related that for good or evil the doings of one nation will often reflect some bearing on the other.

In foreign trade, China's share, though insignificant when per capita trade expressed in gold dollars is considered in comparison with that of other nations,[99] is considerable when the volume given in silver is concerned. "In order to obtain a bird's eye view of China's foreign trade for the past ten years a complete record for that period, together with index figures, is given below (1912-100) Haikwan Taels):

Year	Imports (in 000's)	Index	Exports (in 000's)	Index	Total Trade (in 000's)	Index
1923	923,402	195	752,917	203	1,676,320	198
1924	1,018,210	215	771,784	208	1,789,995	212
1925	947,864	200	776,352	209	1,724,217	204
1926	1,124,221	237	864,294	233	1,988,516	235
1927	1,012,931	214	918,619	247	1,931,551	228
1928	1,195,969	252	991,354	267	2,187,324	259
1929	1,265,778	267	1,015,687	274	2,281,466	270
1930	1,309,755	276	894,843	241	2,204,599	261
1931	1,433,489	303	909,475	245	2,342,964	277
1932	1,049,246	221	492,641	132	1,541,888	182"[100]

Notwithstanding "silver has saved China from the dire consequences of the world depression."[101] "China's foreign trade movements in 1932 were under the direct influence of the world crisis and naturally display such symptoms as are inherent in a prolonged economic depression. Owing to the remainder of the world not being able to purchase normally from China, the latter country's buying power was, of course, correspondingly reduced."[102] With China's unfavorable trade balance registering an annual excess of imports over exports of half a billion haikwan taels,[103] how can one expect that her buying power can be elevated. It is but natural that a country's ability to buy depends on the facility with which it can sell, in addition to other factors contributory to equalizing its balance of trade.

In spite of the very low level of silver values[104] resulting in relatively high costs of imported manufactured goods, which coupled with enhanced import duties have continued to lend assistance to the growth and promotion of home industries, this adverse low silver exchange is in one sense harmful to China's industrial development. The unfavorable exchange rates have made it extremely difficult for China to consider the purchase of machinery and raw materials which are much needed in the course of the growth of her industrialization. Plans for the development of her railways and other means of communication, and for the establishment of new industrial enterprises, may accordingly be retarded to some extent by this low price of silver. For the sake of illustration, I would like to quote a few sentences from the 1930 Customs Report on Trade, as follows:

"At the beginning of the year business continued to show encouraging prospects of development, but during the last three quarters it was severely handicapped by the landslide in silver exchange, which affected almost every branch of the machinery trade. Up-country buyers were slow to realize how depreciated their silver currency had become, and it was a source of constant embarrassment for sellers, during protracted negotiations with potential clients in the interior, constantly to be compelled to increase tael prices to keep in line with the diminishing values of silver, and not infrequently, even in the case of comparatively inexpensive machinery, these negotiations proved abortive, as the price gradually rose beyond the reach of intending purchasers.

"It must, however, be remembered that the fall in silver has not been responsible for the curtailment of business only but also for inflated silver values, and when these values are converted into gold it will be seen that nearly every branch of the machinery trade recorded a decrease."[105]

It should be noted, therefore, that the future industrialization of China is a problem which concerns not only this country but also others. Other things may be equal, but to what extent China's industrialization goes will rest largely upon the world finance as well as international trade and economic conditions. In a period of depression like this, no one country can be benefitted thus at the expense of others. Unless some practicable and substantial measures be adopted among the family of nations towards the equal distribution of wealth and commodities, the re-adjustment of world finance and exchange, the balanced returns from

97 Owing to the critical position of the silk industry last year, the Government had to come to its rescue, which resulted in a decree discontinuing the levy of export duties on raw silk from May 18, 1932.

98 Hu: "Export Tariff System And Our New Export Tariff Schedule" in *The Eastern Miscellany*, Vol. 30, No. 4, pp. 37-47 (in Chinese).

99 Fong; *China's Industrialization*, pp. 44-45.

100 Kann: *China in 1932*, p. 22.

101 "By now it is universally recognised that the roots of the depression are entangled in the complicated problems arising from the post-war settlements and the subsequent intrusion of political and nationalistic factors into international commerce and exchange.

"One of the results of the crisis has been the depletion of monetary gold reserves from almost all countries in favour of two creditor states, America and France. The consequences of this movement brought about an intensification of the adverse balance of trade of countries producing mainly raw materials, and a simultaneous aggravation of the industrial depression in countries relying on exporting the manufactures abroad.

"In this respect China was spared some of the tragedies which had forced themselves on the rest of the world. China had no monetary gold to let out from her currency reserves, and nobody wanted her large silver reserves. In this factor lies the secret why this country has managed to escape the horrors connected with the fearful economic crisis. Silver—and one must emphasise, low priced silver—has saved China from the dire consequence of the world depression, for during 1932 the wholesale commodity price index relating to this country has been maintained at a level which was not characterised by sagging price quotations."—Kann: *China in 1932*, p. 1.

102 *Ibid*, p. 22.

103 Excess of Imports over Exports: 1931 Hk. Taels 524,013,669.
1932 ,, 556,605,240.

104 Read the two tables in Kann's *China in 1932*, pp. 12-13. It is pathetically interesting to note this sentence, on page 12, reading "Unquestionably, 1932 brought the lowest local exchange rates, a record of which Shanghai is not proud."

105 *The China Year Book*, 1932, p. 235.

foreign trade and the revival of general purchasing power. China's industrial future does not seem so very bright although she may enjoy a temporary boom at present. For after all, one country is dependent upon the rest just as another for mutual subsistence and prosperity, and the fundamental economic law of supply and demand still stands unaffected as it has stood for so many centuries.

III. PROSPECT AND CONCLUSION

To sum up the above problems, the following points may be brought out:

1. China possesses a large resource of labor supply; but the rise of a new class of labor, as an effect of industrialization, and the problems that it brings constitute a subject which needs extensive research for a satisfactory solution.

2. China's raw material supply, though deficient at present, can be increased if efforts should be made, provided political conditions are favorable, on the reconstruction of the rural economic structure to such an extent that not only improved modern farming processes should be introduced, but also millions of acres of fertile land should be developed for settlement.

3. China is solely dependent upon foreign countries for the supply of machinery and generating power, although her iron and coal reserve and hydro-electric potentiality are sufficient to meet the present increasing demands. But most of the known iron and coal mines are under foreign control, notably Japanese and British. These potential supplies, however, await political as well as economic adjustment for their development, inasmuch as their successful operation requires the Government support on the one hand and the employment of considerable capital on the other.

4. Chinese industries are generally under-capitalized and meagerly equipped in matters of finance, which conditions may be improved upon through cooperative efforts on the part of the industrialists and the bankers.

5. Most of the Chinese industries are inadequately equipped in respect of organization and management; efforts for their betterment are therefore strongly urged.

6. In view of the fact that China is basically a price market, trade competition is very keen, especially that of foreign manufactures and that of the factories started in China by foreign interests, which are assuming an increasingly threatening aspect on the native industries. Among the foreign competitors, Japan and Great Britain play the most prominent part.

7. Transportation facilities, being essential to the process of industrialization, are none too good in China; but encouraging signs of improvement and development are not lacking.

8. While Government assistance and support are what the home industries eagerly need, peace and national solidity are perhaps of prime concern.

9. World finance and exchange affect the home industries considerably, both in a favorable and an unfavorable manner. Whereas no one country could possibly expect to prosper at the expense of others, a re-adjustment of general world economic structure is earnestly desired.

Before concluding, it may be repeated that, strictly speaking, China has been industrialized on modern lines only to an insignificant extent. However, on the other hand, the colossal number of population invariably represents a large purchasing power. For instance, despite the growing cotton industry in China, the demand for cotton piece goods has been so great that the following comparative table of the importations of the principal groups of piece goods for the last five years deserves special attention:

TABLE V. IMPORTS OF COTTON PIECE GOODS, 1928-32.[106]

(Value in thousands of Hk. Taels)

	1928	1929	1930	1931	1932
Cotton piece goods, grey	30,122	26,127	21,434	10,827	9,136
Ditto, white and dyed ..	99,612	106,105	77,832	59,181	35,414
Ditto, printed	28,686	25,631	24,438	20,060	14,142
Miscellaneous cotton piece goods	4,908	6,747	6,054	6,681	7,645
Total	163,329	164,611	129,759	96,752	66,338

This comparative table showing a decrease in value of imports reflects a twofold significance. On the one hand, it shows that the growing activities of the home cotton industry have effectively lessened the imports of cotton piece goods; whereas on the other it enables us to see to what extent has China's commerce suffered in consequence of the world depression and other causes. It should be noted, however, that although China, being a silver-using country, was spared the hardships from which many gold standard countries suffered, her people are nevertheless much impoverished and the country is facing severe economic hardship. With the tremendous annual excess of imports over exports, it is no wonder that the potential buying power of this huge population has been diminished considerably; but to what extent has this purchasing power decreased is very hard to say.

While factors that are unfavorable to China's industrialization are present, hopeful features are nevertheless not lacking. And these are features the importance of

106 *The China Year Book*, 1932, p. 283 and *Finance and Commerce*, Vol. 21, No. 4, p. 90.

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which cannot well be exaggerated. For instance, nearly every province in China is experiencing radical changes through the rapid construction of roads and the introduction of motors. Again, it is noteworthy that our Government is giving close attention to the formidable problems of speeding up industrial development in this country and on the part of the National Ministry of Industry efforts to establish stateowned industries of major class are not invisible. The proposed plans for the erection of large modern state steel works, the construction of a central machine shop, the establishment of an ammonium sulphate factory, as well as other projects to develop coal and petroleum fields and to establish hyrdo-electric plants and automobile factories, deserve particular notice.[107] The orders by the Ministry of Industry to the effect of the establishment of model silk filatures in each silk producing province,[108] and the effort of the Government to establish a farm bank for Hunan, Hupeh, Anhwei and Kiangsi with the object to assist the farmers in these bandit-devastated areas in the rehabilitation of their farms and to develop agricultural production,[109] are both features of inspiration.

Owing to the increase in the silver cost of imported goods, resulting from lower silver and higher import duties, our people have in recent years shown a growing inclination to buy goods produced in China, with the result that existing industries have received valuable encouragement, while new factories have been established and have been successful in securing an increasing share of the home market.[110] Thus the very low level of silver values, coupled with the enhanced import tariff rates form levers for the promotion of industries in China. The "buy native goods" movement and the boycott of Japanese goods also have had some favorable effect, though not very conspicuous. It is found that as a whole industries in China generally were fairly active during last year in spite of the calamitous conditions in some areas and the world-wide depression affecting adversely the exports of some factory products. Numerous new industrial enterprises were started last year, which with few exceptions were on rather an elementary scale. Undoubtedly progress is being made all the time, but admittedly not at the pace which would appear to be logical.

It will be said, then, that probably every industry in China has a brilliant prospect in view in face of the enormous masses and their potiential buying power, if political and economic conditions are favorable to its growth. China is admittedly still faced with many serious political problems, the final solution of which it is impossible to forecast, but while political troubles may retard progress they cannot postpone it indefinitely. However dull business may appear at the moment, however difficult present trading conditions may be, it is impossible to take a pessimistic view of the openings for industrial expansion offered by a country of this size which is on the threshold of industrialization and where steadily increasing facilities of transportation are now bringing this large population within easy reach of the great trading centers.

In the process of industrial development, however, it is suggested that the following points should receive serious consideration from the Government and the people:

1. Above any other industry, the chief heavy industries such as heavy metals and chemicals need immediate development. It is thought advisable that they should be developed under Government auspices with the cooperation of foreign capital and the service of foreign experts whenever necessary. It is known that our Government have set their face towards a policy of industrializing China. But instead of mere gestures on paper or in words, it is recommended that the fundamental requisite is action, and effective action.

2. In the industrialization of China, not only the investment from and the employment of the over-seas Chinese are to be encouraged, but little or no restraint should be placed upon the admission of foreign cooperation in capital investment or in expert talent, provided this cooperation is constituted under fair conditions and reasonable terms. America owes much of its progress in building up a vast network of railways and certain other means of communications and in its industrial advancement to the assistance of foreign capital and technical skill. Would not our people be wise to take advantage of the capital and brains of the West in our efforts to develop our economic resources?

3. In regard to the raw material,[111] it is suggested that, to remedy the insufficient supply and the lack of uniformity in quality, the people and the Government should combine to improve the quality of the seeds used and to encourage production. Uneven distribution could be remedied if the central and provincial authorities could cooperate and work out plans for better coordination. As regards difficulties of delivery, better and more transportation facilities are needed, combined with unrestricted movement and adequate protection during transit.

4. In respect of the industrial development in this country, peace and transportation facilities are perhaps the first requisites. With the unstable political conditions existent, it is but logical that there will be little prospect of an increase in foreign investments in China. And the above-mentioned demand for adequate protection whilst products are being sent to the consuming markets goes to the root of many of the evils which China has to face even in normal times. Unless the Government show clearly that they accept this responsibility of protection, industrial development in China must be seriously retarded. The extension of Government authority, the prevention of illegal imposts and the suppression of banditry would mean a steady revival in trade and a favorable stimulus to industry in all parts of China despite the unfavorable commercial conditions in the outside world.

5. There are a number of factors that weaken the foundation of Chinese industries, the principal being:—1. Shortage of capital; 2, necessity of procuring raw materials from abroad; 3, increase of small factories with inadequate equipment, and 4, competition of foreign manufactures. In order to overcome these difficulties it is strongly urged that the Chinese public should encourage the use of native-made goods, provide all the factories with a substantial capital, and improve the technical knowledge of manufacture. In addition, steps should be taken towards the consolidation of the factories, thereby eliminating competition among them.[112] The suggestion is also made that in order to meet increasing competition from abroad, the Chinese industries should get together and cooperate in order to reduce the cost of production rather than compete with one another. It is also urged that the Government should assist the home industry by carefully planned schemes of development and by the promotion of cooperation between capital and labor. The workmen should be clearly convinced that it is their duty to increase the production of their respective industries, whereas both capitalists and labor should cooperate with a view to strengthening the foundation of the home industry.

6. The low price of silver has provided a definite stimulus to industrialization in China. The continued depreciation of the value of silver has reduced enormously the purchasing power of our people, and if it continues will hasten the growth of industries in this country. But China has long been a victim of the adverse balance of foreign trade. If conditions fail to improve, there will be no other way to balance her foreign trade than to reduce the volume of imports. The people must realize the seriousness of the situation. There is an urgent need, therefore, to reduce the excessive volume of imports and to encourage the export of native products. Unless foreign nations increase their purchases of our produce, there will be no way to justify an increase of their sales to us. The purchasing power of the mass of the people will be bound to diminish, and world trade depression will become more acute.[113] It is thus suggested that in the course of China's industrial development foreign help in one way or another is needed, and the very essence of future success for foreign traders in China will be cooperation, and not competition, with the Chinese,—foreigners and Chinese each fulfilling the functions in the grand scheme of international commerce for which they are most fitted.

"Cognizance must be taken of the fact that irrespective of the social or political system which a country may adopt, it must develop its economic resources if it is to thrive and prosper. Thus whether a people favor a capitalistic, a socialistic, or any other social or political custom, they cannot neglect their economic development without injury to themselves."[114] Should satisfactory solutions and effective measures be accorded the above problems, China's industrial future will be unquestionably bright.

In conclusion, it may be said that, given peaceful conditions in the country, a normal rate of exchange and a settled policy of taxation, China will be rapidly industrialized in the coming few decades. This is so especially because her economic organization to-day is essentially agrarian and the industrial development that has now been brought about in a few of her large ports or cities counts very little in her national economic life at large.

But how far will China be industrialized in the future is problematical, inasmuch as she "will be rapidly industrialized only from an oriental, not from an occidental viewpoint, for she can scarcely aspire to the degree of industrialization that has already been realized in the industrialized nations of the West."[115] "To raise China's present standard of living two or three times by means of industrialization, for instance, is feasible, but to raise it to the same level as that which prevails in England or the United States to-day is questionable."[116] China is basically agrarian, and she will remain so even if industrialized to the full extent. Nevertheless, may we hope that our industrialists will never be disillusioned nor discouraged. A true devout is he—

> "who, rowing hard against the stream,
> Saw the distant gate of Eden gleam
> And did not dream it was a dream!"

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107 Kann: *China in 1932*, pp. 24-25; *Finance and Commerce*, Vol. 21, No. 5, p. 134; No. 10, pp. 278-79; No. 14, p. 402.
108 *Finance and Commerce*, Vol. 21, No. 5, p. 134.
109 *Ibid*, Vol. 21, No. 11, p. 310; No. 13, p. 374.
110 "China and Silver" in *Finance and Commerce*, Vol. 21, No. 14, p. 401.
111 According to Mr. Chang Kia-ngau, the General Manager of the Bank of China, in his report presented at the annual meeting of shareholders, "the principal reasons for the continued large import into China of foreign agricultural products were given as (1) insufficient supply of Chinese agricultural products; (2) uneven distribution; (3) difference in price; (4) lack of uniformity in quality; (5) uncertainty as to delivery."—See *Finance and Commerce*, Vol. 21, No. 14, p. 399.
112 "Report of the General Manager, for the year of 1931, Bank of China," p. 36.
113 *Ibid*, p. 31.
114 Arnold: *China Through The American Window*, p. 11.
115 Fong: *China's Industrialization*, p. 45.
116 *Ibid*, pp. 45-46.

Chinese Criminologist Makes Suggestions on Sexual Freedom

The sex aspect of prison life is engaging the attention of the Ministry of Justice, according to advices from Nanking. Wong Sing-sze, a bureau chief in the Ministry, who has been studying prison conditions in various provinces, says that prisoners should not be frustrated in their sexual life. In a draft regulation Mr. Wong suggests that all prisoners, male and female, serving sentences of more than one year, be given a chance every two or three months to visit their wives or husbands under proper supervision. Mr. Wong suggests that the system be first tried in Kiangsu Prison No. 1 in Nanking and that if it should be found feasible, the practice be extended to other jails in the country in the course of time.

Commercial Press Is Building Large Plant in Hongkong

The Commercial Press, Limited, the largest printing establishment in the Orient, is building a large plant in Hongkong, at North Point. The proposed structure will constitute only one-third of the building scheme and in the course of a few years, the Commercial Press hopes to have in Hongkong as big a plant as they had in Chapei, Shanghai, which was destroyed, it will be remembered, a during the Japanese attack. One of the motives for transferring this large printing business to Hongkong is the high rate of duty which is at present being imposed on paper coming into China, whereas in Hongkong it comes in free of duty.

Foreign Officers Visiting Japan Are Closely Watched

The *Osaka Mainichi* points out that more than the average amount of foreign officers are visiting Japan at the present time. Their chief motives are believed to be to inspect the Japanese army and navy, national conditions and others in connection with Manchurian affairs. As there are cases, says the *Mainichi*, where foreign officers conducted various investigations on the pretext of sightseeing, the gendarmery authorities have decided to pay specially close attention to the movements of foreign officers visiting the country.

Smoker's Throat

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LATEST INFORMATION

If you are interested in China you must be interested in the latest developments in the following fields:

		In China (Chinese Currency)	Abroad (U.S. Currency)
1.	China's Diplomatic Relations (1931-1932: A Survey) ..... By Minchen T. Z. Tyau	.90	$ –.50 cts.
2.	China's Industrial Development: Its Problems and Prospect ..... By C. L. Nieh.....	.90	„ –.50
3.	Chinese Government Economic Planning and Reconstruction since 1927 ..... By Gideon Chen.....	.90	„ –.50
4.	The Distribution of Population and Land Utilization in China... By W. H. Wong	.90	„ –.50
5.	The Position of China as a Producer of Raw Materials and a Consumer of Manufactured Products ..... By Djang Siao-mei ...	.90	„ –.50
6.	The Present Agrarian Problem in China .... By Chen Han-seng ..	.90	„ –.50
7.	Rural Industries in China ..... By H. D. Fong	.90	„ –.50
8.	Facing Labor Issues in China ..... By C. H. Lowe	$2.70	„ 1.25
9.	Shanghai Industrialization; Report based on investigations of National Government Director General of Budgets, Ministry of Industries, National Tariff Commission, Shanghai Bureau of Social Affairs and Chaotung University, by D. K. Lieu	$1.15	„ –.60
10.	Silk Reeling Industry in Shanghai: Based on extensive survey made from May to July, 1931, supplemented by second survey during the same months of 1932, covers quality of silk produced, productive capacity of filiatures, number of reels, etc., by D. K. Lieu	$2.15	„ –.95

These pamphlets ranging from 12 to 200 pages were written by Chinese specialists in their respective lines. They were prepared for presentation at the Conference of the Institute of Pacific Relations at Banff, Canada. Those desiring copies, should send their orders with draft or postal money-order attached to the undersigned.

THE CHINA WEEKLY REVIEW
38 Avenue Edward VII
Shanghai.

Banks in Shanghai Have Superabundance of Money

According to information from banking circles, most of the ready cash from the interior of China is now gathered in Shanghai owing to the unsettled conditions in the provinces. It is said that at least $1,000,000,000 is now deposited in the different banks in Shanghai. In the Central Bank and the Bank of China alone $200,000,000 are deposited. The *Shun Pao* says that under the present unusual business depression, the Banks are having much difficulty in investing their funds at remunerative rates.

Intestinal Troubles in Hot Weather

Food and drinks become so rapidly tainted that stomach and intestinal troubles are to be expected in summer. In any case the heat lowers the vitality, reduces appetite and interferes with the digestion so that precautions are necessary. In order to be fit you must keep stomach and bowels clear and clean. The occasional dose of Pinkettes will do this for you pleasantly and naturally. Pinkettes remove any harmful substances eaten before they have time to do harm. As a general all-round health-safeguard during the hotter months you cannot use anything finer than Pinkettes. All chemists can supply you.

Real Estate Review of the Central District by the Realty Investment Company

The main zone of trading activity continues to be towards the West, and few transactions have taken place in the Central district of the International Settlement, or Eastern portion of the French Concession.

There is however, a great deal of reconstruction work going on, and the appearance of many of the main streets is continually changing. The only street that still conveys an impression of what Shanghai was like several years ago, is Canton Road, West of Honan Road. Here, the type of shops which remain, and the crowded state of the street, remains typical of the East, comparatively untouched by the modernising influence of the West.

Several new buildings have either been completed during the last month, or are nearing completion, and it is interesting to note that the China State Bank, at the corner of Peking and Honan Roads, opened the doors of its new home on August 1.

RECENT SALES

5 Mow on Lincoln Avenue; 1½ Mow Lincoln Avenue.

The National City Bank of New York, Rates of Exchange

Shanghai, August 9, 1933.

Demand selling rate on America:	U.S. $100=Sh. $353.98
Demand buying rate on America:	U.S.$100=Sh. $348.58
Demand selling rate on London:	£1.0.0=Sh. $16.000
Demand buying rate on London:	£1.0.0=Sh. $15.740

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Latest New York Stock Exchange Quotations

Market—Strong Business Done 1,230,000 Shares

August 9, 1933

1932-3 High	1932-3 Low	Div.$ per Sh.	STOCKS	Mon. Aug. 7	Tue. Aug. 8
18¼	1⅝	—	Adams Express	9¼	9¼
30¼	7⅜	.60	Alaska Juneau	28¾	25⅛
133⅜	42½	*6.00	Allied Chemical & Dye	117⅝	122½
95½	29⅝	4.00	American Can	84½	86
19⅝	2	—	American & Foreign Power	11½	11½
41½	5	—	American & Foreign Power 7% Pfd.	23½	24¾
13	1¼	—	American & Foreign Power Warr.	7½	Unq.
23⅝	1¼	—	American Metal Co.	17⅜	17
42¼	5⅛	—	American Smelting	33	34¼
137¾	70¼	9.00	American Telephone & Telegraph	123⅜	125
93¼	44	5.00	American Tobacco "B"	83⅛	88½
40⅝	11	1.00	American Waterworks	27	27¾
22¼	3	—	Anaconda Copper	16⅛	16⅝
18½	4¼	—	Atlas Corporation	13¼	14⅛
151¾	28¾	2.00	Auburn Automobiles	33½	56
37	3¾	—	Baltimore & Ohio	26⅜	28¼
48⅝	7¼	—	Bethlehem Steel	38⅞	40¼
36⅞	18	1.60	Borden Company	22	32⅝
21¼	3⅜	—	Borg Warner	15	15⅞
20⅝	7¼	—	Canadian Pacific Railway	15⅝	16⅛
99½	16¾	—	Case, J. I.	66¼	68½
47⅞	19	1.40	Chase National Bank	27⅝	28½
50¾	4⅞	2.00	Chesapeake Corp.	41	44
38⅛	5	—	Chrysler	37⅞	37⅝
26⅞	4¼	.80	Columbia Gas & Electric	19	19¾
7⅝	1⅜	—	Commonwealth & Southern	3⅝	3½
68¾	31½	3.40	Consolidated Gas of N. Y.	49	49¾
19	8⅝	—	Continental Oil	13½	14
84¼	24¾	3.00	Corn Products	80	80⅞
7½	1⅛	—	Coty Inc.	5	Unq.
4¼	⅞	—	Curtiss Wright Company	3¼	3½
185⅜	5	.75	Douglas Aircraft	13¾	14¼
61½	28	3.00	Drug Incorporated	46	47½
85⅝	22	2.00	Du Pont de Nemours	70	72⅞
87⅞	35¼	3.00	Eastman Kodak	74	76
48	5	6%S	Electric Bond & Share	23⅞	24⅝
18	2¾	—	Electric Power & Light	8¾	9¼
10½	2⅞	—	General Aviation	7⅜	Unq.
30	8½	.40	General Electric	22⅜	23⅜
40½	19¾	1.60	General Foods	35	35½
33⅞	7⅜	1.00	General Motors	28¾	29⅞
49¼	6½	1.00	General Railway Signal	Unq.	37¾
26⅞	8¼	1.20	Gold Dust	20⅜	21⅜
45⅝	5¼	—	Goodyear Tire & Rubber	35½	38
39⅝	3⅝	—	International Cement	31	31¾
45⅛	10⅝	.60	International Harvester	33½	34½
21⅝	8¼	—	International Nickel	17⅞	19
21	2⅝	—	International Telephone & Telegraph	14½	14⅞
59	10	—	Johns Manville	44	46⅝
25⅝	4⅞	—	Kennecott	19	20
78½	30½	2.40	Lehman Corporation	66⅛	67⅞
96¼	34⅛	*4.00	Liggett & Myers, "B"	92⅝	92¾
37¾	9	1.00	Loew's: Inc.	25½	27½
24⅝	9	1.20	Lorillard P. Co. (Com.)	21¼	21⅜
37	12	1.00	McIntyre Porcupine	32⅞	33
28½	3¼	—	Montgomery Ward	20¾	21⅝
31½	10¾	1.00	National City Bank (bid price)	31⅝	32¾
117	13	—	National Distillers	86½	89
57¼	8¾	—	New York Central	41¼	43⅛
43¾	13⅜	8%S	North American Company	24	24⅞
93½	12	2.00	Owens Illinois Glass	78½	79
37	16⅞	2.00	Pacific Gas & Electric	25¾	26
6⅞	1¼	—	Packard Motors	4⅞	5
40¾	8¼	.50	Pennsylvania Railroad	33¾	34⅛
6	1	—	Pennroad Corporation	3⅜	3¾
17½	2	—	Phillips Petroleum	12⅝	13¼
18½	2½	—	Radio Corporation	7⅝	7¾
7¾	1	—	Radio-Keith Orpheum	2¾	2⅞
50¼	26¼	3.00	Reynolds Tobacco "B"	48½	49
45⅞	9⅞	—	Sears Roebuck	35¼	36½
11⅞	2½	—	Shell Union	7⅝	8¾
15⅛	5¼	—	Socony-Vacuum Corp.	11⅛	11⅝
32¾	15¾	2.00	Southern California Edison	22	22½
34¼	5¼	—	Standard Gas & Electric	13⅞	13⅛
40⅜	19⅞	1.00	Standard Oil Co., of N. Jersey	34¾	36¼
28¾	9¼	1.00	Texas Corporation	21⅞	21¾
34¼	12	1.00	Texas Gulf Sulphur	27	28
8⅞	2⅛	—	Trans America	7	7
50¼	15½	1.00	Union Carbide & Carbon	40⅞	43½
131¾	27⅝	6.00	Union Pacific	Mutl.	116½
44⅞	6½	—	United Aircraft & Trans.	31⅝	38⅝
14¼	3½	—	United Corporation	9⅛	9¼
24	9½	1.20	United Gas Improvement	19½	19¾
23⅞	1¼	—	U. S. Rubber	17½	18
66¾	21¼	—	U. S. Steel	51⅝	53¾
50⅞	11	2.00	Universal Leaf Tobacco	43¼	44
33¾	5¼	—	Vanadium	23	24¾
8¼	½	—	Warner Bros. Pictures	6⅝	7½
57⅜	15⅝	—	Westinghouse E. & M.	39½	41⅜
50	22	2.40	Woolworth	41	44½

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